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“The economic performance and development of Bulgaria in terms of competitiveness (GCI) and easy of doing business (EDB) in comparison with European Union and the countries of Black Sea region”



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ABSTRACT

The present dissertation titled as “*The economic performance and development of Bulgaria in terms of competitiveness (GCI) and easy of doing business (EDB) in comparison with European Union and the countries of Black Sea region*” was worked out in the frames of the *curriculum of postgraduate studies as a part of the “MA program in Black Sea Cultural Studies”*, in the School of Humanities, of the International Hellenic University during the academic year 2010-2011.

The Master's dissertation aims to apply a certain methodology and approach in the analysis of the economic development of Bulgaria and to demonstrate reasonably original research. More analytically, the master thesis conducts a thorough comparative method, through a series of annual reports, by using two specific financial indexes; the Global Competitiveness Index (GCI) of the World Economic Forum for the period 2004-2011, and the Easy of Doing Business Index of the World Bank for the period 2006-2011, in order to evaluate economic performance of Bulgaria –as it is strongly affected by various special circumstances such as the worldwide Financial Crisis 2007 till now– in comparison with the performance of the European Union (EU27) and the group of Black Sea countries (BS10), in specific areas of economic interest.

In the end, total evaluation and assessment of undertaking takes place, with consecutive report of helpful conclusions.

It must be noted, that the hall comparative analysis of the economic performance and development of Bulgaria in terms of competitiveness (GCI) and easy of doing business (EDB) in comparison with European Union and the countries of Black Sea region necessitated the construction of a series of tables and charts where the best and the worst values are remarked.

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ABBREVIATIONS

- BNB - Bulgarian National Bank
- BSEC - Black Sea Economic Cooperation Organization
- BS10 - The 10 countries in the Black Sea region
- EDB - Ease of Doing Business
- EIB - European Investment Bank
- ERDF - European Regional Development Fund
- ESF - European Social Fund
- EU - European Union
- EU27 - The 27 countries-members of the European Union
- ERM II - Exchange Rate Mechanism II
- FDI - Foreign Direct Investment
- GCI - Global Competitiveness Index
- GDP - Gross Domestic Product
- HDI - Human Development Index
- IOM - International Organization for Migration
- NATO - North Atlantic Treaty Organization
- NSRF - National Strategic Reference Framework
- OPRD - Operational Program for Regional Development
- OSCE - Organization for Security and Cooperation in Europe
- PPP - Purchasing Power Parity
- SMEs - Small and Medium Enterprises
- TRACECA - Transport Corridor Europe-Caucasus-Asia
- UN - United Nations
- WEF - World Economic Forum
- WTO - World Trade Organization

INTRODUCTION

The present dissertation titled as “*The economic performance and development of Bulgaria in terms of competitiveness (GCI) and easy of doing business (EDB) in comparison with European Union and the countries of Black Sea region*” was worked out in the frames of the *curriculum of postgraduate studies as a part of the “MA program in Black Sea Cultural Studies”*, in the School of Humanities, of the International Hellenic University during the academic year 2010-2011.

The Master's dissertation aims to apply a certain methodology and approach in the analysis of the economic development of Bulgaria and to demonstrate reasonably original research. More analytically, the master thesis conducts a thorough comparative method, through a series of annual reports, by using two specific financial indexes; the Global Competitiveness Index (GCI) of the World Economic Forum for the period 2004-2011, and the Easy of Doing Business Index of the World Bank for the period 2006-2011, in order to evaluate economic performance of Bulgaria –as it is strongly affected by various special circumstances such as the worldwide Financial Crisis 2007 till now– in comparison with the performance of the European Union (EU27) and the group of Black Sea countries (BS10), in specific areas of economic interest.

According to the World Economic Forum, “competitiveness is defined as the set of institutions, policies, and factors that determine the level of productivity of a country”. For the estimation of the overall Global Competitiveness Index (GCI) score of each economy, initially, countries are classified according to their economic development by their GDP per capita. According to the stage of economic development of each country, the score in every pillar is adjusted using various factors. This overall score reflects the overall performance of the economy in terms of competitiveness and it is calculated as the average of the scores in the 12 pillars. Bulgarian economy ranked 74th (score 4.16) out of the 142 economies that participated according to the Global Competitiveness Report 2011/12.

Each year, the World Bank conducts a research about the recent improvements into the institutional and managerial environment of many countries. This study provides useful information for companies interested in doing business abroad. Thus, the information leads to the decreasing of the business risk in the country of establishment and up to the greatest assurance level regarding foreign direct

investment. Basically, this annual study describes the business environment of every country and its potential improvements. The data are summarized into the Ease of Doing Business index (EDB), which is now composed of ten pillars. According to the Doing Business 2012 report, Bulgaria ranked 59th in a total of 183 countries.

Bulgaria is one of the oldest European States with 20-century-old history and traditions. Modern Bulgaria is situated in Southeastern Europe in the Balkan Peninsula, a busy crossroad of ancient cultures. Bulgaria is a member of the European Union, NATO, the United Nations, the Council of Europe and the World Trade Organization. Also, it is a founding state of the Organization for Security and Cooperation in Europe (OSCE) and the Black Sea Economic Cooperation Organization (BSEC).

The European Union is composed of 27 sovereign member states: Austria, Belgium, Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom. The Union's membership has grown from the original 6 founding states –Belgium, France, (then-West) Germany, Italy, Luxembourg and the Netherlands– to the present day 27, by successive enlargements as countries acceded to the treaties and by doing so, pooled their sovereignty in exchange for representation in the institutions. To join the EU a country must meet the Copenhagen criteria, defined at the 1993 Copenhagen European Council, while to adopt the euro as its currency must meet the euro convergence criteria (also known as the Maastricht criteria).

For the first time, Bulgaria established diplomatic relations with the EU in 1988. On 1 January 2007, Romania and Bulgaria became the EU's newest members. Although Bulgaria joined the European Union on 1 January 2007, it is not yet a member of the euro area and has committed to adopt the euro once it fulfills the necessary conditions. After Bulgaria entered European Union force to deal with serious long lasting problems related to corruption and organized crime.

In 1992, after the collapse of the Soviet Union, BSEC was founded as a promising model of multilateral, political and economic initiative aiming to foster interaction and harmony among its member states, to secure peace, stability and prosperity, encouraging friendly and good-neighborly relations in the Black Sea region. More specifically, BS10, the group of the Black Sea countries that is the area of concern,

consists of the following 10 countries: Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey and Ukraine.

Bulgaria's vision on BSEC future includes the elaboration, active promotion and implementation of an enhanced EU policy in the Black Sea region; a policy commensurate with the stated wish and approach of BSEC for closer cooperation. Being a EU member state, Bulgaria, has an important role to play in the elaboration of the Black Sea dimension of the EU Neighborhood Policy and the establishment of an efficient and pragmatic partnership between the EU and the BSEC.

The economic development of Bulgaria –during the period after the collapse of the communist regime– was marked by a series of upheavals. It was an uneven trajectory of new hopes, crises and reforms. The instability and the major disruptions in the social and political fields affected greatly the economy of the country. Bulgaria as a transition economy facilitates the privatization of government-owned enterprises and resources and also, the creation of a financial sector to support the movement of labor and capital from the state to the private sector of the economy.

In the first chapter, a total analysis of Bulgaria takes place. The section firstly, focuses specifically on issues related with Bulgaria's political system, its foreign relations, its economic status and its infrastructure. Afterwards, a thorough research describes and analyzes the integration of Bulgaria to the European Union, as an official member, alongside its potential impact on the economy of the country. Moreover, in the end of the chapter, the analysis emphasizes on the participation of Bulgaria in the BSEC and the country's vision to implement an enhanced EU policy in the Black Sea countries.

In the second chapter, firstly, the Global Competitiveness Index is being described thoroughly along with its pillars. Afterwards, this section uses a well-established approach in order to assess the efficiency and the progress of the Bulgarian financial competitiveness by comparing the reported statistical data of the European Union countries (EU27) and Black Sea countries (BS10) with Bulgaria records respectively. More analytically, the GCI values in each pillar regarding Bulgaria are juxtaposed with EU27 and BS10 for the time period 2004/11, based on the related tables. As a result, useful conclusions are inferred from the above analysis.

In the third chapter, at first, the Ease of Doing Business index is presented, in detail along with its pillars. Afterwards, this part of the thesis uses a well-grounded analysis in order to evaluate the efficiency and the progress of Bulgarian financial

performance regarding EDB by comparing the reported statistical data of the European Union countries (EU27) and Black Sea countries (BS10) with Bulgaria records respectively. More analytically, the EDB values in each pillar regarding Bulgaria are juxtaposed with EU27 and BS10 for the time period 2006/11, based on the related tables. In the end, beneficial conclusions are drawn from the above research.

Finally, in the fourth and last chapter of the dissertation, total evaluation and assessment of undertaking takes place, with consecutive report of helpful conclusions.

It must be noted, that the hall comparative analysis of the economic performance and development of Bulgaria in terms of competitiveness (GCI) and easy of doing business (EDB) in comparison with European Union and the countries of Black Sea region necessitated the construction of a series of tables and charts (see Appendix), where the best and the worst values are remarked.

More specifically, regarding the GCI analysis, *Table 1* represents the GCI score and rank for each member of the EU27 and the average GCI score of the EU27 score during the period 2004/12, for every year separately. In addition, *Tables 1.1-1.8* represent the overall GCI score and rank for each member of the EU27, together with specific pillars and the corresponding average of the above, during the period 2004/12, for every year separately. Furthermore, *Table 2* represents the GCI score and rank for each member of the BS10 and the average GCI score of the BS10 score during the period 2004/12, for every year separately. Moreover, *Tables 2.1-2.8* represent the overall GCI score and rank for each member of the BS10, together with specific pillars and the corresponding average of the above, during the period 2004/12, for every year separately.

On the other hand, considering the EDB analysis, *Table 3* represents the overall EDB rank for each member of the EU27 during the period 2006/11, for every year separately. Additionally, *Tables 3.1-3.6* represent the EDB rank for each member of the EU27 alongside specific pillars during the period 2006/11, for every year separately. Likewise, *Table 4* represents the overall EDB rank for each member of the BS10 during the period 2006/11, for every year separately. Finally, *Tables 4.1-4.6* represent the EDB rank for each member of the BS10 alongside specific pillars during the period 2006/11, for every year separately.

Moreover, complementarily to the above tables, takes place the juxtaposition of the corresponding charts (*Chart 1 - Chart 5*), which represents the overall GCI rank of

Bulgaria per year, during the years 2004-2012. In the same spirit, similar charts are created, wherever it is considered necessary, in order to show in an optimal and efficient way the research's results.

In conclusion, I would have never been able to finish my dissertation without the guidance of my committee members, support from my family and help from friends.

I would like to express my deepest gratitude to my advisor, Professor Harry Papapanagos, for his excellent guidance, caring, patience, and whose encouragement, supervision and support from the preliminary to the concluding level, enabled me to develop a thorough understanding of the subject and the research area.

Yours faithfully,
Maria Papanikolaou

THE ECONOMY OF BULGARIA AT A GLANCE

✓ Geopolitical characteristics:

- ⇒ Population (2011): 7.364.570
- ⇒ Area: 110.994 km²
- ⇒ Capital: Sofia
- ⇒ Currency: BGN Lev
- ⇒ Government: Parliamentary Democracy

✓ Economic growth:

- ⇒ GDP in PPP: 101.627 billion \$
- ⇒ GDP per capita in PPP: 13.563 \$
- ⇒ GDP growth rate: 3%

✓ The Maastricht criteria:

- ⇒ Inflation rate: 4.8%
- ⇒ Long-term interest rate: 5.32
- ⇒ Public debt: 19.7%
- ⇒ Public deficit: -4.2%
- ⇒ Exchange rate: 1 Lev: 0.51131 €, 0.73763 \$

✓ Competitiveness:

- ⇒ Global Competitiveness Index - GCI (min 1, max 7): 74th out of 142 countries

✓ Doing business:

- ⇒ Ease of Doing Business - EDB: 59th out of 183 economies

Note: The above data consist estimations for the year 2011.

Source: International Monetary Fund, World Bank, World Economic Forum.

CHAPTER 1: Overall View Of Bulgaria & Its Relationship With European Union & Black Sea Countries

In the first chapter, a total analysis of Bulgaria takes place. The section firstly, focuses specifically on issues related with Bulgaria's political system, its foreign relations, its economic status and its infrastructure. Afterwards, a thorough research describes and analyzes the integration of Bulgaria to the European Union, as an official member, along with its potential impact on the economy of the country. Moreover, in the end of the chapter, the analysis emphasizes on the participation of Bulgaria in the Black Sea Economic Cooperation organization, and the country's vision to implement an enhanced EU policy in the Black Sea countries.

1.1 Bulgaria: Country Profile

Bulgaria is one of the oldest European States with 20-century-old history and traditions. Modern Bulgaria is situated in Southeastern Europe in the Balkan Peninsula, a busy crossroad of ancient cultures.

For centuries, the roads passing through the territory of the country have been connecting Europe with Asia and Africa. Four common European transport corridors, connecting West and North Europe with the eastern and southern part of the continent, cross their roads here.

Bulgaria is also known for its picturesque nature and rich cultural heritage. According to the statistics, the country ranks third in Europe –only after Greece and Italy– for the number of its valuable archeological monuments.

Located in the heart of the Balkans, Bulgaria offers a highly diverse landscape: the vast lowlands of the Danube and the south by the highlands and elevated plains dominate the north. In the east, the Black Sea coast attracts tourists all year round. The Republic of Bulgaria is located in Southeastern Europe bordering Romania, Turkey, Greece, Skopje, Serbia and the Black Sea. It is about the size of Tennessee and covers an area of 110.910 sq. kilometers.

A predominantly Slavic speaking, Orthodox country, Bulgaria was the birthplace of the Cyrillic alphabet, which was created there towards the end of the 9th century

A.D. It was long influenced by Byzantine culture and was part of the Ottoman Empire for 500 years before gaining its independence in the 19th century. After World War II, it became a satellite of the Soviet Union. The country has been undergoing a slow and painful transition to a market economy since the end of Communist rule in 1991 (Curtis, 1992). Under Bulgaria's former king, Simeon II, who was prime minister between 2001 and 2005, the country pressed ahead with market reforms designed to meet EU economic targets. It achieved growth, saw unemployment fall from highs of nearly 20% and inflation come under control, but incomes and living standards remained low.

Bulgaria's total population is about 7.3 million and is shrinking at a rate of 0.79% with 71% living in urban areas. The Bulgarian capital of Sofia has a population of about 1.2 million with other major cities including Plovdiv (368.000) and Varna (349.000). Sofia, a global city, is the 12th largest settlement in European Union. The people are predominately Bulgarian Orthodox and the primary language is Bulgarian. More analytically, some 85% of the population are Orthodox Christians and 13% Muslims. Around 10% of the population is of Turkish origin, while 3% are Roma (Wikipedia, 2011).

1.1.1 Politics In Bulgaria & Foreign Relations

The Bulgarian government functions as parliament democracy within a unitary constitutional republic. The Bulgarian National Assembly (a single chamber parliament) consists of 240 members who are elected for a four-year period.

Bulgaria is a member of the European Union (EU), NATO, the United Nations (UN), the Council of Europe and the World Trade Organization (WTO). Also, it is a founding state of the Organization for Security and Cooperation in Europe (OSCE) and the Black Sea Economic Cooperation Organization (BSEC). Bulgaria has a high Human Development Index (HDI) of 0.771, ranking 55th out of 184 countries in the world, in 2011 (Bulgaria Ranked 61st Globally in UN Human Development Index, 2009).

Bulgaria was not among the countries invited to join the EU in 2004. However, it signed an EU accession treaty in April 2005 and joined in January 2007, at which

point Cyrillic became the third official alphabet of the EU, following the Latin and Greek alphabets. EU officials set tough entry requirements, reflecting their concerns about corruption and organized crime. After a series of reports, which found that the Bulgarian government had failed to tackle these issues effectively, the EU announced in July 2008 that it was suspending aid worth hundreds of millions of euros. In September 2010, the EU again called on Bulgaria to take urgent action to tackle crime and corruption. Later in the year, France and Germany announced that they would block Bulgaria from joining the Schengen passport-free zone until the country had made "irreversible progress" in this area. Membership in the EU will be beneficial to the economy, but there still remain concerns about corruption and organized crime (BBC News, n.d.).

1.1.2 Economy Of Bulgaria

Sofia is the financial heart of the country and it is included in the Yugozapaden planning region, which has a per capita GDP of \$25.130.

The economic development of Bulgaria during the period after the collapse of the communist regime was marked by a series of upheavals. It was an uneven trajectory of new hopes, crises and reforms. The instability and the major disruptions in the social and political fields affected greatly the economy of the country. Bulgaria as a transition economy facilitates the privatization of government-owned enterprises and resources and also, the creation of a financial sector to support the movement of labor and capital from the state to the private sector of the economy. The transition process of Bulgarian economy is characterized by:

- liberalization of economic activity and efficient reallocation of resources,
- development of market oriented instruments and hard budget constraints for macroeconomic stabilization and economic efficiency,
- effective enterprise management and transparent market entry regulations,
- development of an institutional and legal framework to protect property rights and the rule of law (Papapanagos, 2011).

Bulgaria has an industrialized free market economy in the upper middle-income range, with a large private sector accounting for more than 80% of GDP. The local

currency used is the Bulgarian lev –which is pegged to the euro at a rate of 1.95594 lev for 1 euro– with plans to adopt the Euro by 2012/13. Bulgaria has experienced rapid economic growth in recent years, even though its income level remains one of the lowest within the EU with an average monthly wage of 689 lev (352.289 euro) (Novinite, 2011).

Corruption in the public administration and a weak judiciary has hampered Bulgaria's economic development. However, Bulgaria ranks 60th in the Economic Freedom of the World index. Furthermore, it has the lowest personal and corporate income tax rates in the EU and the second lowest public debt of all European Union member states at 16.2% of GDP in 2010. In 2010, GDP (PPP) was estimated at \$97.1 billion, with a per capita value of \$12.934. The services sector accounts for 64.6% of GDP, followed by industry with 30.1% and agriculture with 5.3%. Major industries include iron, copper, lead and coal extraction, chemicals, machinery, petroleum refinement, steel and vehicle components production. The total labor force amounts to 2.5 million people.

Amidst the late 2000s financial crisis, unemployment rates increased to 10.1% in 2010, while GDP growth contracted from 6.2% (2008) to -5.5% (2009). The crisis had a negative impact mostly on industry, with a 10% decline in the national industrial production index, a 31% drop in mining, and a 60% drop in "ferrous and metal production". Positive growth was restored to 0.2% in 2010.

Regarding the economic activity of the population, as of 1st February 2011 there are 3.282.740 economically active persons aged between 15 and 64 years. The total activity rate of the country is 65.3% (68.1% for male and 62.5% for female) (National Statistical Institute of Bulgaria, 2011).

Concerning the types of business that take place in Bulgaria, Bulgarian legislation regulates two principal forms of business organizations: commercial corporations and co-operatives. They differ in their form of legal organization and in the manner of apportionment of liability. The requirements for company registration in Bulgaria are revised and streamlined with the entry into force of the Commercial Register Act valid as from 1 January 2008. The Commerce Act "Targovski Zakon" makes exhaustive provisions for the following types of commercial corporations:

- general partnership (SD),
- limited partnership (KD),
- limited liability company (OOD), including single-member limited liability

- company (EOOD),
- joint-stock company (AD),
- partnership limited by shares (KDA).

Other forms of business organization according to Bulgarian law are:

- sole trader,
- wholly owned subsidiary,
- trade representation office,
- co-operative.

Among the forms of organization listed above, the most widespread in practice are limited liability companies and joint-stock companies, in which the members or the shareholders, as the case may be, incur limited liability for the obligations of the company (Plovdiv Chamber of Commerce and Industry, n.d.).

Bulgaria's main trade partners are Germany, Turkey, Russia, Italy, Greece, Ukraine, Romania, and Austria. Its primary imports are machinery and equipment, metals and ores, chemicals, plastics, fuels, minerals, and raw materials. Bulgaria's main exports are light industrial products, foods and wines, which are successfully competing on European markets. Especially, exports consist of clothing, footwear, iron and steel, machinery and equipment and finally, fuels.

The industry is concentrated around textiles, metallurgy, fuel and food processing, production of various chemicals, machine building and mining. Bulgaria has large deposits of bauxite, copper, lead, zinc, bismuth and manganese. Smaller deposits of iron, gold, silver, uranium, chromite, nickel and others also exist. Bulgaria has abundant non-metalliferous minerals such as rock salt, gypsum, kaolin and marble. In Europe, the country ranks as the 3rd largest copper producer, 6th largest zinc producer, and 9th largest coal producer, while it is the 9th largest bismuth producer in the world.

In contrast with the industrial sector, agriculture has marked a decline since the beginning of the 2000s, with production in 2008 amounting to only 66% of that between 1999 and 2001. Overall, the agricultural sector has dwindled since 1990, with cereal and vegetable yields dropping nearly 40% by 1999. Despite this, Bulgaria remains a net exporter of agricultural and food products and two-thirds of its exports are to OECD countries. A five-year modernization and development program was launched by the government in 2007, aimed at strengthening the sector by investing a total of 3.2 billion euro. Specialized equipment amounts to some 25.000 tractors and 5.500 combine harvesters, with a fleet of light aircraft. Bulgaria remains a major

European producer of agricultural commodities such as tobacco (3rd) and raspberries (12th).

In recent years, Bulgaria has emerged as an attractive tourist destination, as it holds some of the least expensive resorts in Europe and boasts some of the last deserted beaches on the continent. In 2010, Lonely Planet ranked Bulgaria among its top 10 travel destinations for 2011. Annually, some 9.000.000 people visit Bulgaria, with Greeks, Romanians and Germans accounting for more than 40% of all visitors. Main destinations include the capital Sofia, the medieval capital Veliko Tarnovo, the coastal resorts Albena, Golden Sands and Sunny Beach and finally the winter resorts Pamporovo and Bansko (Wikipedia, 2011a).

1.2 European Union In Accordance With Bulgaria

The European Union is composed of 27 sovereign member states: Austria, Belgium, Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom. The Union's membership has grown from the original 6 founding states –Belgium, France, (then-West) Germany, Italy, Luxembourg and the Netherlands– to the present day 27, by successive enlargements as countries acceded to the treaties and by doing so, pooled their sovereignty in exchange for representation in the institutions. To join the EU a country must meet the Copenhagen criteria, defined at the 1993 Copenhagen European Council. These require a stable democracy that respects human rights and the rule of law, a functioning market economy capable of competition within the EU and the acceptance of the obligations of membership, including EU law. Evaluation of a country's fulfillment of the criteria is the responsibility of the European Council. No member state has ever left the Union, although Greenland (an autonomous province of Denmark) withdrew in 1985. The Lisbon Treaty now provides a clause dealing with how a member leaves the EU. On 1 January 2007, Romania and Bulgaria became the EU's newest members (Wikipedia, 2011b).

For the first time, Bulgaria established diplomatic relations with the EU in 1988. In 1993, the European Association Agreements signed and it entered into force in 1995. In December 1995, Bulgaria submitted its application for the EU. The Commission presented its first Regular Report on Bulgaria's progress towards accession in November 1998. The second report, released in 1999, recommended that formal negotiations were opened. Accession negotiations between Bulgaria and the EU started on 15 February 2000. Accession talks concluded on 15 June 2004, six months ahead of schedule. The Brussels European Council of 17 December 2004 confirmed the conclusion of accession negotiations with Bulgaria and accordingly looked forward to welcoming it as a member from January 2007.

The European Parliament gave its support to Bulgaria's EU membership on 13 April 2005. The vote was 522 in favor and 70 against, with 69 abstentions. The Accession Treaty was signed in Luxembourg on 25 April 2005. Depending on further progress in complying with the membership criteria, the objective was the EU membership from 1 January 2007. The agreement between Bulgaria and the EU included also the possibility of the postponement of Bulgaria's accession within one year if the EU saw a "serious risk" of the country being unable to implement the required reforms.

The 2004 Regular Report recalled that the reform of judiciary and public administration stand out as overriding priority. Bulgaria made sustained efforts to develop sufficient administrative and judicial capacity to implement and enforce the acquit communications.

In February 2005, the Commission passed a positive judgment on the signing of Bulgaria's Accession Treaty, scheduled for April 2005. Meanwhile, the Commission continued to keep a watchful eye on how Bulgaria was carrying out its commitments with regard to implementing reforms, notably putting into practice an enhanced monitoring system to oversee Bulgaria's final preparations for membership and to compile annual reports on Bulgaria's progress towards the accession, which was finally completed on 1 January 2007.

Regarding the economic relations between Bulgaria and European Union, the European Commission has considered Bulgaria a functioning market economy since 2002. For Bulgaria and Romania the framework for the bilateral trade relations before enlargement is the European agreement. The European agreement with Bulgaria covers a large number of issues, focusing on:

- trade liberalization and other trade-related issues,
- political dialogue,
- legal approximation,
- other areas of co-operation, in the area of industry, environment, transport and customs.

The Agreement aimed to establish progressively a free-trade area between the EU and Bulgaria, on the basis of reciprocity but in an asymmetric manner. In other words, liberalization was to be implemented more rapidly by the EU rather than Bulgaria. Currently, over 95% of country's trade with the EU is conducted freely, while a few agricultural and processed agricultural products remain subject to customs duties on both sides.

In 2003, Bulgaria was the Union's 35th trade partner and total bilateral trade (imports and exports) amounted to € 9.2 billion, a figure that has doubled since the entry into force of the EU - Bulgaria Europe Agreement in February 1995. In 2003 the relative share of the Bulgarian exports to the EU accounted for 56.6% (€ 3769.8 million) of Bulgaria's total exports. Bilateral trade consists mostly of textiles and clothing, machinery and chemical products. The EU's surplus in the EU - Bulgaria trade relations has increased every year since 1999.

Investment links between the EU and Bulgaria are also substantial and their increase since the entry into force of the Europe Agreement in 1995 is spectacular: EU investment flows to Bulgaria increased by 95% in the same period.

The EU has recently adapted its Europe Agreement with Bulgaria in order to reflect its 2004 enlargement. The aim of the adaptation was to ensure that traditional trade flows between the three countries and the new member states would not be disrupted. After the accession of Bulgaria to the EU, the economic relations are defined in the Treaty of Accession of Bulgaria and Romania (Europa, 2010a).

Although Bulgaria joined the European Union on 1 January 2007, it is not yet a member of the euro area and has committed to adopt the euro once it fulfills the necessary conditions. The lev is not yet within the Exchange Rate Mechanism (ERM II). The current euro to lev foreign exchange reference rate can be consulted on the website of the European Central Bank (updated daily). Bulgaria does not have a target date to adopt the euro but it is expect to become a member of the euro area (Europa, 2011).

By joining the EU, Bulgaria has been granted the right to be represented in front of the European Commission with one commissioner, Miglena Kuneva. In addition, as a member of the EU, Bulgaria is being granted significant financial support from the EU Structural Funds and the Common Agricultural Policy. These Structural Funds and Cohesion Fund are meant to provide financial support to the poorer countries in the union in order to aid their integration and help them catch up with the standards of the advanced European countries. Many European countries, subject to earlier accession than Bulgaria, have benefited enormously from the structural funds provided by the European family.

For the strategic period 2007/13, there are three structural funds aiding Bulgaria accelerate its economy: European Regional Development Fund (ERDF), European Social Fund (ESF) and the Cohesion Fund. ERDF's main objectives cover regional economic development and co-operation throughout the EU; subjects for financing are infrastructure, innovation of urban areas, research and innovation of technology, support for small and medium enterprises, creation and maintenance of sustainable jobs, culture and health; the fund is a major instrument for helping to redress regional imbalances. Moreover, ESF is created to promote employment in the European Union. Its resources are directed towards the development of the labor market: promote better education and improve people's professional qualifications, increase adaptability of workers, promote social inclusion, increase productivity. ESF invests in people and everything that supports human capital. Finally, the Cohesion Fund is a special one: it is to be used only from the EU Member States which GDP is 90% or less than the EU average GDP. The Cohesion Fund finances 2 types of projects; environmental projects and transport infrastructure projects (of European importance).

All of the finances provided by the Structural Funds will be regulated by the European Legislation. The exact way Bulgaria will absorb the finances from the Structural Funds is defined by Bulgaria's National Strategic Reference Framework (NSRF), which needs to be approved by the European Commission.

There are 7 Operational Programs in Bulgaria to be supported by the Structural Funds: Regional Development, Competitiveness, Environment, Transport, Human Resources Development, Administrative Capacity and Technical Assistance. The Operational Program for Regional Development (OPRD) is aimed at improving the social and economic conditions in Bulgaria. The main goal of the program is to help Bulgaria overcome the differences between the 6 regions in the country, as well as to

overcome the differences between Bulgarian and other European regions. The financial resources appointed for this program are 1.601.274.759 euro, 1.361.083.545 euro of which will be financed by the EU. There are 5 priority axes included in the OPRD: i) sustainable and integrated urban development (resources: 839.067.973 euro, 713.207.777 of which will be financed by the fund, ii) regional and local accessibility (resource: 400.318.689 euro, 340.270.886 of which will be financed by the EU, iii) sustainable tourism development (resources: 218.009.623 euro, 185.379.580 of which will be financed by the EU, iv) local development and co-operation (resources: 89.671.387 euro, 76.220.679 of which will be financed by the EU and finally, v) technical assistance (resources: 54.123.087 euro). The Operational Program Competitiveness is aimed at developing a dynamic economy, competitive on the European and World markets. Resources appointed for the financial support of this program are 1.1 billion euro (to be financed by the EU and Bulgaria). The Operational Program Environment will be financed with 1.800.748.087 euro by 2013. Additionally, the Operational Program Human Resources Development is aimed at developing the human capital in the country, limiting unemployment, increasing the salaries and the social integration; the planned resources for this program are 1.213.869.575 euro. Also, the resources for Administrative Capacity appointed for the period 2007/13 is 180.789.087; the amount of 153.670.724 of them are planned to be funded by the European Social Fund. Finally, the resources for Technical Assistance are 56.819.427; the amount of 48.296.513 of them are planned to be funded by the European Regional Development Fund.

Fishery is also an operational program; the difference between Fishery and the other 7 programs is that the European Fisheries Fund will fund it. The resources appointed for this program are 107.000.000 euro, 75 % of which will be financed by the EU (Invest Bulgaria, n.d.).

In the end, by joining the EU, Bulgaria has brought its citizens into an area of peace, stability, security and prosperity, with an assurance of high standards in environment, health, food safety and social policy. Every Bulgarian has the right to travel, work (after a transitional period), study or live in any member state, including the right to set up business in a member state and to benefit from social security systems. All Bulgarian citizens are able to vote in the local, municipal and European Parliamentary elections of the member state in which they reside and even stand as candidates in both local and European elections. They are also able to use their

mother tongue in EU matters, as Bulgarian is an official EU language already. All EU citizens are also entitled to protection by the diplomatic or consular authorities of any member state in a non-EU country in which their own member state is not represented. Any citizen of the EU, or resident in a member state, may, individually or in association with others, submit a petition to the European Parliament on a subject which comes within the European Union's fields of activity and which affects them directly. Also, any citizen of the EU, or resident in a member state, may lodge a complaint to the European Ombudsman about maladministration in the institutions and bodies of the EU. Maladministration occurs if an institution fails to act in accordance with the law, fails to respect the principles of good administration, or violates human rights.

In addition to this, the membership has significant positive effects on the Bulgarian economy, and gives important competitive advantages for companies settled in the country. Some of the changes have been very noticeable; border controls have been abolished, cutting costs to business and speeding up the physical movement of goods and people across the Union. Other changes are less noticeable, but make a real difference to people's everyday lives. The major "categories" are itemized hereinafter:

General Advantages

- Being a member of a community of stability, democracy, security and prosperity.
- Growing internal market and increasing domestic demand.
- Free movement of labor force, goods, services and capital.

Macroeconomic Effects

- Growing inflow of FDI due to increased business confidence.
- Regional hub role as Bulgaria's geopolitical situation equips it as an interface between the Balkans and Black Sea regions and as a bridge for relations between the European Union and Turkey.
- Improvement in a long-term aspect of the transport infrastructure.
- Stronger competition and drive for innovation.
- State subsidy system in line with EU regulations.

- Easier access to financial institutions and funds within the enlarged European Union.

Benefits for companies

- Increasing EU funds for environmental protection, education, and supporting SMEs.
- Transparency of taxation and business accounting rules.
- No customs or quantitative limitations within the EU.
- Simplified procedure in business administration when exporting to other EU member states (Europa, 2010b).

1.3 Black Sea Region In Accordance With Bulgaria

The Black Sea is an inland sea bounded by Europe, Asia and the Caucasus. It is connected to the Mediterranean via the Aegean Sea, through the Bosphorus channel, the Sea of Marmara and the Dardanelles channel. These waters separate Eastern Europe from western Asia. The Black Sea region consists of 10 east-west affiliated countries based on geographical (i.e. directly bordered to the Black Sea), economic, historical, cultural, social and environmental criteria. Bulgaria is one¹ of the countries that have geographical borders with the Black Sea (Papapanagos, 2011).

In 1992, after the collapse of the Soviet Union, the Black Sea Economic Cooperation organization (BSEC) was founded as a promising model of multilateral, political and economic initiative aiming to foster interaction and harmony among its member states, to secure peace, stability and prosperity, encouraging friendly and good-neighborly relations in the Black Sea region. More analytically, on 25 June 1992, the Heads of State and Government of eleven countries, Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey and Ukraine signed in Istanbul the Summit Declaration and the Bosphorus Statement giving birth to the BSEC. The BSEC Headquarters –the Permanent International

¹ 6 out of 10 Black Sea countries have geographical borders in the region; Bulgaria, Georgia, Romania, Russia, Turkey and Ukraine.
Source: Papapanagos, 2011

Secretariat of the Organization of the Black Sea Economic Cooperation (BSEC PERMIS)— was established in March 1994 in Istanbul. With the entry into force of its Charter on 1 May 1999, BSEC acquired international legal identity and it was transformed into a full-fledged regional economic organization. With the accession of Serbia and Montenegro in April 2004, the Organization's Member States increased to twelve.

Nowadays, BSEC covers a geography encompassing the territories of the Black Sea littoral states, the Balkans and the Caucasus with an area of nearly 20 million square kilometers. The BSEC region is located on two continents. Also, BSEC represents a region of some 350 million people with a foreign trade capacity of over USD 300 billion annually. Moreover, after the Persian Gulf region, it is the second largest source of oil and natural gas along with its rich proven reserves of minerals and metals and it is becoming Europe's major transport and energy transfer corridor (Organization of the Black Sea Economic Cooperation, n.d.).

Bulgaria assumed the rotating Chairmanship-in-Office of the Organization of the BSEC from Azerbaijan at a formal ceremony after the 21st meeting of the Council of Ministers of Foreign Affairs of the BSEC member states in Baku. The Bulgarian Foreign Minister Rumiana Jeleva, stressed the need of focusing the attention of the European Union on the Black Sea region in three key aspects: accelerating the process of launching sectorial partnerships within the framework of the EU Black Sea Synergy Program (a new regional cooperation initiative); facilitating a more effective participation of the European Commission and the seven EU member states which have observer status with BSEC (Austria, Germany, Italy, Poland, France, Slovakia and the Czech Republic); ongoing EU - BSEC dialogue and resuming the regular working meetings in Brussels in this format (Ekonom: east Media Group, 2009).

Bulgaria's vision on BSEC future includes the elaboration, active promotion and implementation of an enhanced EU policy in the Black Sea region; a policy commensurate with the stated wish and approach of BSEC for closer cooperation. Being EU member states, Bulgaria, Greece and Romania have an important role to play in the elaboration of the Black Sea dimension of the EU Neighborhood Policy and the establishment of an efficient and pragmatic partnership between the EU and the BSEC. The further development of the European Neighborhood Policy and the EU - BSEC dialogue will show if such a necessity could appear in the future (Republic of Turkey Ministry of Foreign Affairs, n.d.).

Considering relations between the BSEC and the European Union, the European Commission issued on 11/4/2007 the Communication Black Sea Synergy, which forms the basis for a future EU - BSEC cooperation. . In this regard, Bulgaria appreciates the work of the European Commission for drafting the concept of the new regional cooperation of the EU. The granting of observer status to the European Union is another important step in favor of further cooperation between the two organizations. The strengthening of the institutional relationship between the two organizations was substantially bolstered with the Council of BSEC and EU Ministers of Foreign Affairs (Kyiv, 14/2/2008) on the implementation of the abovementioned initiative on EU - Black Sea regional cooperation. At the end of the meeting, the Foreign Ministers issued a joint communiqué, expressing their will to promote closer cooperation between their countries on a number of priority areas such as developing transport and energy infrastructure, environmental protection through the creation of sectorial partnerships, whilst recognizing the BSECs important role. Furthermore, the previous special council of BSEC Foreign Ministers (Kyiv, 14/2/2008) adopted a Statement of Foreign Ministers of BSEC member states on a reinforced BSEC - EU relationship.

In addition, BSEC has been developing contractual relations with the OECD (on the implementation of the Black Sea and Central Asia Outlook, which is funded jointly by Greece, Romania, and Turkey), as well as with other regional organisations and initiatives such as the Organization for Security in Europe (OSCE), the International Organization for Migration (IOM), the Intergovernmental Commission TRACECA (Transport Corridor Europe-Caucasus-Asia) and others (Hellenic Republic Ministry of foreign affairs, 2008).

CHAPTER 2: Global Competitiveness Index

In this chapter, firstly, the Global Competitiveness Index is being described thoroughly along with its pillars. Afterwards, this section uses a well-established approach in order to assess the efficiency and the progress of the Bulgarian financial competitiveness by comparing the reported statistical data of the European Union countries (EU27) and Black Sea countries (BS10) with Bulgaria records respectively. More analytically, the GCI values in each pillar regarding Bulgaria are juxtaposed with EU27 and BS10 for the time period 2004/11, based on the related tables. As a result, useful conclusions are inferred from the above analysis.

2.1 Description Of Global Competitiveness Index

According to the World Economic Forum, “competitiveness is defined as the set of institutions, policies, and factors that determine the level of productivity of a country”.

For the estimation of the overall Global Competitiveness Index (GCI) score of each economy, initially, countries are classified according to their economic development by their GDP per capita. According to the stage of economic development of each country, the score in every pillar is adjusted using various factors. The GCI measures competitiveness in a seven point grading scale of 1.00 (minimum) to 7.00 (maximum). The 1.00 reflects the worst performance, while 7.00 reflects the best performance. An economy with an overall GCI score close to 7.00 means high competitiveness, while a score close to 1.00 means low competitiveness. The overall GCI score for each country is calculated as the average of the scores in the 12 pillars. This overall score reflects the overall performance of the economy in terms of competitiveness (Papapanagos, 2011).

The GCI made its appearance in 2004 under the name of “growth competitiveness index” and was composed of the three following pillars: the quality of the *macroeconomic environment*, the state of a country’s *public institution* and a country’s *technological readiness*. In 2006/7 the GCI changed its structure as the

pillars are organized into three sub indexes. These three sub indexes, were consisted of nine pillars; more analytically, *institutions*, *infrastructure*, *macroeconomy*, *health and primary education* comprise the basic requirements sub index, *higher education and training*, *market efficiency* and *technological readiness* comprise efficiency enhancers, the second sub index, whereas *business sophistication* and *innovation* comprise innovation and sophistication factors as the third sub index. Since 2007/8, the above pillars increased to twelve in total, which capture a variety of microeconomic, and macroeconomic factors that affect economic competitiveness. More specifically the sub indexes are the following:

1st pillar: *Institutions*

The public institutional framework is the environment in which private companies generate income and stimulate the economic growth and development of a country. As a result the quality of institutions has a strong influence on competitiveness and growth. This pillar involves the examination of corruption, lack of transparency and bureaucracy, the independence of justice department, the presence of crime and terrorism, the trust in politicians, the credibility of the police, the management of public resources and the effectiveness of the legal framework. Furthermore “institutions” takes into account the private sector in the level of company.

2nd pillar: *Infrastructure*

The quality and size of infrastructure is not only a crucial factor of operation and interconnection between markets, but also a significant point of influence for the growth and competitiveness of an economy. More specifically, this pillar consists of modes of transport, including quality roads, railroads, ports, and air transport, telecommunication networks and electricity supplies.

3rd pillar: *Macroeconomic environment*

The development process of an economy depends on macroeconomic stability. Economic measurements such as inflation, interest rates, government debt and public revenues influence business plans and decisions, since they could affect the proper function of markets and financial markets. The importance of the stability of microeconomic environment is easily noticeable as running fiscal deficits limits the government’s future ability to react to business cycles. Firms cannot operate

efficiently when inflation rates are volatile.

4th pillar: *Health and primary education*

It refers to the frequency of certain diseases and their economic impacts (cost), to the economic activity of business. This pillar estimates the frequency rate of presence in relation with the three most infectious diseases (malaria, tuberculosis, HIV/AIDS), which commonly are shown up in developing countries (third world) and in lower percentage in developed economies of west. Moreover, this pillar takes into consideration the expenses for education, the number of the registered students and the quality of the basic education.

5th pillar: *Higher education and training*

This pillar measures secondary and tertiary enrolment rates, as well as, the quality of education as evaluated by the business community. The pillar estimates the availability of services and amenities regarding specialized education and training, free internet access in schools, the level of management of schools, the extent of staff training in business, the quality of the educational system, the registered persons in secondary and higher education and finally the level of education in the sectors of mathematics and sciences.

6th pillar: *Goods market efficiency*

The efficient function of market in an economic level ensures the production of the necessary commercial network and availability of goods and services under the conditions of supply and demand. The size of competition, the necessary period of time and the required procedures in order to start a business (bureaucracy), the duties of government policy, the general behavior of customers are vital factors in goods market efficiency.

7th pillar: *Labor market efficiency*

The sufficient and direct allocation and movement of labor human forces among different sectors, businesses and regions is successfully accomplished with a flexible and effective labor market, which is important for the competitiveness of an economy. Labor market efficiency evaluates the non-salary cost, the dismissal cost, the participation of women in the market, the massive outflow of scientists, and the

management regarding professionals. Labor market must have the flexibility to shift workers from one economic activity to another rapidly and at low cost, and to allow for wage fluctuations without much social disruption.

8th pillar: *Financial market development*

The function of financial markets is efficient as far as it develops the appropriate networks for the distribution of private economic resources to the most productive utilities. The pillar includes to access to convenient banking and borrowing, the reliability of bank system, the availability of funds for innovative plans, the restrictions on flows of capital, the protection of investors, the financing and the regulations for transactions.

9th pillar: *Technological readiness*

The pillar considers the ability of an economy to absorb and apply the available technology in order to improve productivity. Furthermore, it does not examine whether a country is the manufacturer of modern technology, but if the market has access to them. The transfer of technology through foreign direct investment, the level of technology that businesses integrate, the legislation related to information and communication technologies (ICT), the availability of advanced technologies, the number of computers for personal use, the number of users and subscribers of internet and the level of use of mobile phones, are some of the issues which are being evaluated through this pillar.

10th pillar: *Market Size*

The pillar connects market size to the benefits of the flourishing economies and the improvement of productivity rate. The components, which are being examined, are the size of foreign and the domestic markets. In addition, exports can be considered as a substitute for domestic demand in determining the size of the market for the firms of a country. By including both domestic and foreign markets in this pillar, it is given credit to export-driven economies and geographic areas (such as the EU) that are broken into many countries but have a single common market.

11th pillar: *Business sophistication*

Business sophistication leads to increased productivity, thus enhancing national competitiveness. It measures the quality of a country's business networks and supporting industries, as measured by the quantity and quality of local suppliers and the extent of their interaction.

Specifically it examines the nature of comparative advantages, the size of marketing, the sophisticated process of production, the quality and quantity of local suppliers, the control of goods' distribution on an international scale, and the rate of development in interdisciplinary connections.

12th pillar: *Innovation*

The development of an environment, conducive to innovative activity, generates more performance in the eleven pillars, which are mentioned above. This pillar involves the implementation of the necessary structures, the planned actions and the investments, in order to promote the knowledge horizon and the invention of new products. More analytically, the innovation, refers to the ability of invention new technologies, and examines a government's supplies of advanced technological products, the quality of scientific institutions of research and the availability of scientists and engineers.

2.2 Global Competitiveness Of Bulgarian Economy

The 25th edition, 2004/5, of the annual *Global Competitiveness Report* and specifically the *Growth Competitiveness Index* as it was named (World Economic Forum, 2004), provides the most comprehensive assessment of 104 developed and emerging economies. Bulgaria ranked 59th (score 3.98) among 104 countries, by improving its ranking as it had moved up from 64th to 59th place since 2003. More analytically as for the components of the GCI, Bulgaria had achieved better results in *public institution* (score 4.36) and worse in *macroeconomic environment* (score 3.77) and in *technology* (score 3.98) (see Table 1.1).

According to the annual report 2005/6 (World Economic Forum, 2005) Bulgaria maintained its position in the middle of the ranking, as it was placed 58th (score 3.93),

among 117 countries. Especially, Bulgaria's ranking, was defined by lower scores in *technology* (score 3.31) and higher in *macroeconomic environment* (score 3.95) and in *public institution* (score 4.23) (see Table 1.2).

As it is easily noticeable, in the above two years Bulgaria managed to be stable in accordance to the rankings in GCI scale (World Economic Forum, 2006). On the other hand, after Bulgaria became officially member of the European Union, there was a pinpoint change in Bulgaria's competitiveness performance, as it was placed 72th (score 3.96) in the ranking of the annual report 2006/7, by dropping down 14 places in comparison with the previous year. This deterioration was due to the influence of foreign economies, caused by the institutional framework –*institutions* pillar (score 3.07) of basic requirements sub index– and the structure of the production base –*technological readiness* pillar (score 3.21) of efficiency enhancers sub index and the *innovation* pillar (score 2.93) of innovation and sophistication factors sub index (see Table 1.3). The mechanism of economic growth and development is marked by the *macroeconomy* pillar (score 4.92) of the basic requirements sub index, in which it achieved the best performance (see Table 1.3).

The following year after Bulgaria's accession to the EU, the downfall of the Bulgarian economy's competitiveness continued. According to the *GCI report 2007/8* (World Economic Forum, 2007), Bulgaria went 7 places lower in the ranking scale and reached 79th place, as its GCI score was reduced to 3.97. The composition of the individual parts of the financial environment constituted a decisive factor in the downward trend of competitiveness. The *infrastructure*, such as roads, airports and railways, was at low level (score 2.91), affecting the operation of the Bulgarian economy. Moreover, the *innovation* pillar's score (2.96) was low, respectively. The highest score among the twelve pillars of the index was noted in the *health and primary education* pillar (score 5.57) of basic requirements sub index (see Table 1.4).

In 2008/9 the competitiveness of the Bulgarian economy was characterized by a small improvement since it moved up three places in the ranking since last year. In particular, the GCI score reached to 4.03 and the country ranked 76th among 134 economies (World Economic Forum, 2008). The improvement of the competitiveness, which was probably connected to the perceived benefits of Bulgaria's membership to the EU, was due to the rise of efficiency enhancers sub index by 7 places (rank 65th) in comparison with the previous year's place (rank 72nd). More analytically, the *technological readiness* pillar with score 3.65 (score 3.11 in

2007/8), the *goods market efficiency* pillar with score 4.11 (score 3.89 in 2007/8), the *labor market efficiency* pillar with score 4.42 (score 4.25 in 2007/8) and finally, the *market size* pillar with score 3.83 (score 3.66 in 2007/8) provided the greatest increase (see Table 1.4 & 1.5). However, factors such as infrastructure inadequacies and institutional weaknesses restricted the economy from getting higher rank in general. The worst performance in the ranking was recorded in the *infrastructure* pillar (score 2.79) of basic requirements sub index (see Table 1.5).

According to the *Global Competitiveness Report 2009/10* (World Economic Forum, 2009), the competitiveness of the Bulgarian economy did not make any improvement since it remained stable in the 76th place (score 4.02), the place it had been in 2008/9. The *infrastructure* pillar (score 2.88) of the basic requirements sub index and the *innovation* pillar (score 2.90) of the innovation and sophistication factors sub index noted the worst performance. The best score is marked to the *health and primary education* pillar (score 5.54) of the basic requirements sub index (see Table 1.6). This is possibly, due to the sign of the SocGen Express Global loan with the participation of European Investment Bank (EIB) up to 50% of the total project cost (40 million euro). The optimal target is the financing of projects in the field of infrastructure (including health, education, social housing) and refers to public sector authorities including municipalities and projects of private and public promoters of any size (European Investment Bank, 2007).

In 2010/11, the Bulgarian economy managed to increase its competitiveness by reaching the 71st place (score 4.13) in a total of 139 economies, 5 places higher than the last year's performance (World Economic Forum, 2010). This improvement aroused from the increase of the basic requirements sub index from the 80th (score 4.13) to the 71st (score 4.43) place of the rank. Specifically, all the four pillars of the sub index were increased, however the *infrastructure* pillar with score 3.57 (2.88 in 2009/10) and the *health and primary education* pillar with score 5.85 (5.54 in 2009/10) recorded the best performance. More specifically regarding the high performance in the *infrastructure* pillar, this can be justified by the fact that the European Investment Bank (EIB) provided the first direct loan (105 million euro) to municipality of Bulgarian capital, Sofia, in order the latest to upgrade its transport system and in particular to extend the city's metro network and acquire new trains (European Investment Bank, 2008). The worst score was displayed in the *innovation* pillar (score 2.91) of the innovation and sophistication factors sub index (see Table

1.7).

However, as the *Global Competitiveness Report 2011/12* (World Economic Forum, 2011) indicates, the competitiveness of the Bulgarian economy did not manage to improve more its 71st place in the rank. The economy fell 3 places lower, becoming 74th (score 4.16) out of the 142 economies that participated. The basic requirements and the innovation and sophistication factors sub indexes did not show big changes regarding the previous year. In addition, only the efficiency enhancers sub index managed to increase its score to 4.10 and its rank to 59th place (score 4.07, rank 65th in 2010/11). In specific, the *technological readiness* pillar, by all pillars of the efficiency enhancers sub index, displayed the best improvement with score 4.11 and rank 50th, although it fell 2 places lower in the ranking (score 4.01, rank 48 in 2010/11). More analytically, the *health and primary education* pillar (score 5.80, rank 57th) of the basic requirements sub index continued to have the best performance among all the pillars, while the *innovation* pillar of the innovation and sophistication sub index made its appearance with the worst score (2.94, rank 93rd) for one more time during the years (see Table 1.8).

All in all, during the years 2004/11, Bulgaria showed a medium level performance. Bulgaria's best place in the GCI ranking noted in 2005/6 whereas the country's worst GCI rank was in 2007/8. In 2008/10 Bulgaria remained stable concerning its performance, since it got exactly the same GCI rank and almost the same score. Furthermore, in total, the country received high scores in the *health and primary education* pillar and low in the *innovation* pillar during all these years.

2.3 Global Competitiveness Of European Union Members In Comparison With Bulgaria

According to the GCI, in 2004/5 the Bulgarian economy was one of the less competitive economies of the EU27. Specifically, Bulgaria (score 3.98, rank 59th) was among the three worst countries, in accordance to their economy's competitiveness, above Poland (score 3.98, rank 60th) and Romania (score 3.6, rank 63rd). While Romania had the worst performance, Finland (score 5.95, rank 1st) had the most competitive economy in the EU27. Moreover, the average GCI score of the EU27 was 4.83, higher than the score of Bulgaria (see Table 1.1).

The next year, 2005/6, although Bulgaria (score 3.83, rank 58th) went one place higher in the general GCI ranking among the 117 countries that participated, it fell one place in the EU27, becoming the second country with the worst competitiveness of its economy, after Romania (score 3.67, rank 67th). Finland's economy was on the top of the economies of the EU27, at the 1st place for second consecutive year. The average GCI score of the EU27 was 4.70; lower than last year's score, but still higher than Bulgaria's score (see Table 1.2).

The deterioration of the Bulgarian economy after the country's accession to the EU, as it is already mentioned above, led Bulgaria (score 3.96, rank 72nd) to the last place in the GCI ranking of the EU27, in 2006/7. Although Bulgarian economy had the worst performance, Finland (score 5.76, rank 2nd) was the country that noted the best performance for the third year in a row. Furthermore, the average GCI score of the EU27 was 4.89, higher than last year and as a result, even higher than the Bulgarian economy's score (see Table 1.3).

One year after Bulgaria's membership to the EU and the continuous downfall of the Bulgarian economy, the country remained at the last place in the ranking of the EU27, with score 3.93 and rank 79th. On the other hand, in the same year –2007/8– Denmark (score 5.55, rank 3rd) managed to become the country with the most competitive economy among the EU27. In addition, the average GCI score of the EU27 (4.74) was decreased in comparison with the score of the previous year, but it was still much higher than Bulgaria's score because of the country's last place (see Table 1.4).

In 2008/9, the Bulgarian economy's competitiveness noted a small improvement (score 4.03, rank 76th), however, the country received the last place in the EU27 ranking for one more year. Also, Denmark (score 5.58, rank 3rd) ranked to the 1st place among the EU27 for second consecutive year. The average GCI score of the EU27 was almost stable in accordance with the last year's score, since it was increased to 4.75 only. As a result, Bulgaria's score was lower (see Table 1.5).

Furthermore, Bulgaria (score 4.02, rank 76th) remained for the fourth year in a row, in 2009/10, the country with the lowest financial competitiveness, as it took exactly the same place in the ranking. On the contrary, Sweden (score 5.51, rank 4th) noted the best performance among the EU27, for the first time during the years. This year, the average GCI score of the EU27 was 4.69, lower than the average score in 2008/9, but still much higher than Bulgaria's score, as it was expected (see Table 1.6).

Since the competitiveness of the Bulgarian economy was increased in 2010/11, the country managed to avoid the last place in the EU27 ranking. However, the improvement was not that important and as a result Bulgaria (score 4.13, rank 71st), moved only one place higher and became the second country after Greece (score 3.99, rank 83rd) with the worst performance. The most competitive country was Sweden (score 5.56, rank 2nd) for second year consecutively. Moreover, the average GCI score of the EU27 was slightly increased, in comparison with last year's score, to 4.70 and remained normally higher than Bulgaria's score (see Table 1.7).

According to the GCI 2011/12, Bulgaria (score 4.16, rank 74th) appeared as the third worst economy after Greece (score 3.92, rank 90th) and Romania (score 4.08, rank 77th). In addition, the Greek economy continued to be the least competitive economy in the EU27, for the second year in a row. On the other hand, Sweden ranked to the 1st place, as the most competitive country for third consecutive year. This year, the average GCI score of the EU27 was almost stable since it increased just to 4.71. Additionally, although Bulgaria's score was the highest for the time period 2004/12, it did not exceed the score of the EU27 for once more (see Table 1.8).

On the whole, as it is easily conceivable from the above, the average GCI score of the EU27 was moving backward and forward during the years 2004/12. The performance of the Bulgarian economy's competitiveness was not good in comparison with the EU27, since Bulgaria's score did not manage to go beyond the average GCI score of the EU27 during all these years. Furthermore, the highest differentiation between Bulgaria and the EU27 was noted in the year 2006/7, while the lowest differentiation was marked in the last year.

2.4 Global Competitiveness Of Black Sea Countries In Comparison With Bulgaria

The competitiveness of the Bulgarian economy must be a matter of discussion for both before and after Bulgaria's accession to the EU. The GCI of the World Economic Forum placed Bulgaria (score 3.98, rank 59th) as the second most competitive economy among Black Sea countries after Greece (score 4.56, rank 37th) for the years 2004/2005, whereas Georgia's economy had the worst performance in the competitiveness ranking. Thus, Bulgaria's score was higher than the average GCI

score of the Black Sea countries (score 3.76) (see Table 2.1). It must be noted, that Armenia, Azerbaijan and Moldova had not been part of the above report yet.

Bulgaria (score 3.83, rank 58th) maintained its competitiveness's good performance by keeping its second position in the BS10 ranking of the GCI after Greece (score 4.26, rank 46th), during 2005/2006 in which all Black Sea countries are listed. The annual average GCI score of the BS10 was 3.60; lower not only than Bulgaria's score, but also than last year's average score (see Table 2.2).

By becoming officially a member of the EU in 2007, inter alia, the competitiveness of the Bulgarian economy had not been reinforced, as it was expected from the benefits of the accession. As a result, Bulgaria's position deteriorated among the BS10, since it received the 6th place (score 3.96, rank 72nd) after Greece (score 4.33, rank 47th), Turkey (score 4.14, rank 59th), Russian Federation (score 4.08, rank 62nd), Azerbaijan (score 4.06, rank 64th), and Romania (score 4.02, rank 68th) during 2006/2007. In addition, Moldova achieved the worst performance (score 3.71, rank 86th). Also, for this year, the average GCI score of the BS10 was 3.97, higher than last year, but approximately the same as Bulgaria's score (see Table 2.3).

In 2007/8, having already acceded to the EU a year ago, Bulgaria (score 3.93, rank 79) became the 7th most competitive country in the BS10, after Turkey (score 4.25, rank 53), Russian Federation (score 4.19, rank 58), Greece (score 4.08, rank 65), Azerbaijan (score 4.07, rank 66), Ukraine (score 3.98, rank 73) and finally Romania (score 3.97, rank 74). Although Turkey had the best performance in the BS10 ranking for the first time, Moldova (score 3.64, rank 97) remained at the last place for one more year. The average GCI score of the BS10 was 3.97 exactly the same as the previous year, but a little bit higher than Bulgaria's score this year (see Table 2.4).

According to the GCI 2008/9, Bulgaria (score 4.03, rank 76) remained at the 7th place in the BS10 ranking. The countries that had higher competitiveness than Bulgaria and took better place are: Russian Federation (score 4.31, rank 51), Turkey (score 4.15, rank 63), Greece (score 4.11, rank 67), Romania (score 4.10, rank 68), Azerbaijan (score 4.10, rank 69) and Ukraine (score 4.09, rank 72). Russian Federation reached to the 1st place in the ranking for the first time during the years, while Armenia (score 3.73, rank 97) became the country with the worst competitiveness. Furthermore, even though the average GCI score of the BS10 increased to 4.02 in comparison with the last year's average GCI score, it did not go beyond Bulgaria's score (see Table 2.5).

The following year, 2009/10, Bulgaria (score 4.02, rank 76) moved up to the 6th place among the BS10, one place higher than last year. However in that year's report, Moldova had to be excluded this year for lack of survey data. Bulgaria was under Azerbaijan (score 4.30, rank 51), Turkey (score 4.16, rank 61), Russian Federation (score 4.15, rank 63), Romania (score 4.11, rank 64) and Greece (score 4.04, rank 71). That year for the first time Azerbaijan had the best performance, on the other hand, Armenia (score 3.71, rank 97) continued to be the least competitive economy in the BS10. The average GCI score of the BS10 was 4.03, better than last year and slightly higher than Bulgaria's score (see Table 2.6).

Bulgarian economy's competitiveness (score 4.13, rank 71) was improved in 2010/11. That year Bulgaria climbed one more place higher, in the 5th place in the BS10 ranking, below Azerbaijan (score 4.29, rank 57), Turkey (score 4.25, rank 61), Russian Federation (score 4.24, rank 63) and Romania (score 4.16, rank 67). Moreover, Armenia (score 3.76, rank 98) had the worst performance for third consecutive year, while Azerbaijan's economy was the most competitive for second year. Although the average GCI score of the BS10 (4.04) showed a small rise, it did not outreach Bulgaria's improved score (see Table 2.7).

In 2011/12, the constant improvement of the competitiveness of the Bulgarian economy (score 4.16, rank 74) brought the country on the 4th place in the BS10 ranking, after Azerbaijan (score 4.31, rank 55), Turkey (score 4.28, rank 59) and Russian Federation (score 4.21, rank 66). Moldova (score 3.89, rank 93) noted the lowest competitiveness score, as it also happened in the years 2006/7 and 2007/8. On the other side, Azerbaijan remained at the 1st place in the BS10 ranking for third year in a row. In addition, although the average GCI score of the BS10 was increased to 4.07, Bulgaria's score continued to be higher enough (see Table 2.8).

In general, from all the above, it is easily noticeable that the average GCI score of the BS10 kept rising during the period 2004/11 except for the year 2005/6, that it went into a slight decline. Accordingly, in an overall view, Bulgaria had a good performance, compared to the BS10, and especially by having the highest differentiation in the year 2005/6. Furthermore, Bulgaria's score was below the average GCI score of the BS10, only in the years 2006/7, 2007/8 and 2009/10, with the highest differentiation in the ranking taking place in the year 2007/8.

CHAPTER 3: Ease Of Doing Business

In this chapter, at first, the Ease of Doing Business index is presented, in detail along with its pillars. Afterwards, this part of the thesis uses a well-grounded analysis in order to evaluate the efficiency and the progress of Bulgarian financial performance regarding EDB by comparing the reported statistical data of the European Union countries (EU27) and Black Sea countries (BS10) with Bulgaria records respectively. More analytically, the EDB values in each pillar regarding Bulgaria are juxtaposed with EU27 and BS10 for the time period 2006/11, based on the related tables. In the end, beneficial conclusions are drawn from the above research.

3.1 Description Of Ease Of Doing Business Index

Each year, the World Bank conducts a research about the recent improvements into the institutional and managerial environment of many countries. This study provides useful information for companies interested in doing business abroad. Thus, the information leads to the decreasing of the business risk in the country of establishment and up to the greatest assurance level regarding foreign direct investment. Basically, this annual study describes the business environment of every country and its potential improvements. The data are summarized into the Ease of Doing Business index (EDB), which was composed of ten pillars, from 2006 through 2010; in 2011 it was consisted of nine pillars and in 2012 the pillars became ten, again. More analytically, the pillars are the following:

1nd pillar: *Starting a business*

The ease of implementation of a business venture in a country depends on the main factors considering the business entry, and particularly on the number of procedures, the required time and the minimum necessary capital.

2nd pillar: *Dealing with construction permits*

The time and cost for setting up the business facilities and the acquisition of the relevant operating licenses and connections to organizations and institutions of social services are individual components for ease of doing business in a country.

3rd pillar: *Employing workers*

The ease of the hiring and redundancy of workers is reflected on the indicator that points out how rigid or flexible is the labor market in a country. The pillar appeared for the first time in the publication of Doing Business 2011 and it is consisted of 3 sub-pillars: i) lack of flexibility of employment index, ii) dismissal costs and iii) non-wage labor costs. The total value of the sub-pillar lack of flexibility of employment is the average of three indicators: difficulties of recruitment, rigid working hours and finally, difficulty of dismissal. The indicators take values between 0.0 and 100.0 where higher values represent higher rigidity and difficulty.

4th pillar: *Registering property*

It mentions the ease through which the businesses ensure their property rights, examining the procedures, the time and the cost that are needed, in order an entrepreneur to purchase land and a building that is already registered and free of title dispute.

5th pillar: *Getting credit*

It refers to information on issues providing credit and legal rights of borrowers and lenders. The legal rights index takes values from 0 to 10, and the higher it is, the better designed the existing legal framework for access to credit. The credit information index estimates the target, the access and the quality of available information through the public records or in private bureaus. The pillar takes values from 0 to 6, and the higher it is, the better the available information.

6th pillar: *Protecting investors*

This pillar deals with three dimensions of protection, and in particular with i) the transparency of transactions, ii) the director's liability and responsibility and iii) the ability of shareholders to bring an action against executives and directors for

mismanagement. These dimensions lead to the indicator protecting investors, which takes values between 0 and 10, where the higher the value, the more increased the protection of investors.

7th pillar: *Paying taxes*

It refers to the taxes corresponding to a medium-sized firm, as well as to the management burden of paying taxes; for example the number of payments of a firm, the time that will be spent in the preparation, the archiving and the payment and finally, the proportion of profits which will go towards the payment of the taxes.

8th pillar: *Trading across borders*

Trading across borders includes the cost and bureaucracy on import and export of a standardized cargo of goods. The procedures range from the original agreement - contract between the two involved parties, until the delivery of goods.

9th pillar: *Enforcing contracts*

The pillar has to do with the ease of accomplishment of the terms of a commercial contract or agreement, and includes the essential procedures, time and cost from the beginning of the financial dispute till the final payment.

10th pillar: *Closing a business*

Closing a business contains the required time and the cost of resolving bankruptcies. Basically, it displays the current weaknesses of bankruptcy law and the delays of the relevant administrative procedures in each country.

3.2 Ease Of Doing Business In Bulgaria

According to the *Doing Business in 2006* report (World bank, 2005), the third edition in a series of annual reports, Bulgaria ranked 62nd among 155 countries in 2005. The following year, the Bulgarian economy made improvement concerning the ease of doing business in the country, since the latest ranked to the 54th place among 175 countries. In this year's report, the best performance appeared in the *getting*

credit and *protecting investors* pillars, both of which placed Bulgaria 33rd, due to the fact that the country established new credit registry and became one of the countries offering the highest protection in accordance with the extent of disclosure, respectively. On the other hand, Bulgaria had the lowest rank (140) in the *dealing with licenses* pillar (World Bank, 2006), (see Table 3.1).

As stated by the *Doing business 2008* report (World Bank, 2007), Bulgaria's improvement continued in 2007, since the country placed 46th among 178 countries, 8 places higher than last year's rank. This was caused –besides the general recovery– by the constant progress of the *getting credit* pillar (rank 13), which received the highest rank. Furthermore, the *protecting investors* pillar (rank 33) was stable at its high rate, since Bulgaria remained one of the countries that presented the strongest investor protections regarding the extent of disclosure. However, in the same year, Bulgaria offered less investor protection considering the extent of director liability. Also, the deterioration of the *starting a business* pillar (rank 100) was remarkable. Although the *dealing with licenses* pillar –where Bulgaria ranked 103rd (see Table 3.2)– was improved because of the inspections that were made more transparent and the liabilities that started to be more clearly defined after the technical passports which were introduced this year, it appeared as the indicator with the worst performance. In addition, according to the report, Bulgaria was one of the top ten reformers² in 2006/7 and particularly, in the *paying taxes* indicator (rank 89th), since it reduced the corporate tax from 15% to 10% and employers' labor taxes by 7 percentage points and started a widespread use of the online system (World Bank, 2007).

In 2008, Bulgaria ranked 45th among 181 countries, one place higher than last year's rank. The *getting credit* pillar continued its rising (rank 5) and became the indicator with the best performance for one more year. The *starting a business* pillar (rank 81) made an important improvement, climbing 19 places higher compared to the previous year's rank. The above improvement was the result of a series of reforms that took place in 2007/8. Specifically, business start-up was made easier by creating a central electronic database for commercial registration. This reform consolidated and reduced the number of registration procedures and cut other registration

²Economies are ranked on the number and impact of reforms. First, *Doing Business* selects the economies that reformed in 3 or more of the *Doing Business* topics. Second, it ranks these economies on the increase in rank on the ease of doing business from the previous year. The larger the improvement, the higher the ranking as a reformer.

Source: *Doing Business* database.

formalities. On the contrary, the *dealing with construction permits* pillar noted the worst performance, falling from the 103rd to the 117th place in the ranking (see Table 3.3). This was due to the reforms that happened and made it more difficult to do business in the country. More analytically, the fees for obtaining construction permits were increased by about 16 percent in 2008. Stricter environmental requirements mean that companies in Sofia now have to obtain a certificate of energy efficiency before and after construction. Also, the *trading across borders* pillar marked bad performance, as it ranked 102nd, 13 places lower than last year. Moreover, Bulgaria was still one of the countries offering very high investor protection concerning the extent of disclosure (World Bank, 2008). Additionally, this year, Bulgaria passed two laws: the Civil Procedure Code and the Law for the Commercial Registry, which will speed up the resolution of bankruptcy. The Civil Procedure Code removed the requirement for the Supreme Cassation Court to hear all cases. Now the court can decide whether or not to hear a case (Papapanagos - Laspa, 2010). Also, the *enforcing contracts* pillar (rank 86) increased its performance because of the amendments to the civil procedural code, which helped speed contract enforcement. They reformed rules for evidence and default judgments, raised the minimum threshold for cases in the lower courts, and empowered the civil court of last instance to decide which cases to hear, limiting abuse of the appeals process (World Bank, 2008).

As the *Doing Business 2010* indicates, Bulgaria went one place higher in 2009, since it placed 44th in the EDB ranking among 183 countries. The *getting credit* pillar marked the best performance in this year too, becoming one place higher, as it ranked 4th among the top ten countries where getting credit is easiest. Furthermore, in this year, the *dealing with construction permits* pillar (rank 119) continued to have the worst performance (see Table 3.4). Also, the *trading across borders* pillar got worst since it ranked 106th, 4 places lower than last year's rank. The *starting a business* pillar (rank 50) had a considerable development by reducing the paid-in minimum capital requirement to about 24 percent of gross national income per capita and making the company registry more efficient. In the same year Bulgaria was among the top ten countries that provided strong minority investor protections regarding the extent of disclosure, whereas protection concerning the extent of director liability in the country, was one the lowest. In addition, one of the improved indicators in 2009 was *registering property*, caused by the reforms that took place. Specifically, the integrated Web-based property register providing online access to the ownership and

cadaster status of properties shortened the time required to register property (World Bank, 2009).

The next year, Bulgaria's EDB rank deteriorated since it ranked 51st among 183 countries, 7 places lower than the rank in 2009. According to the *Doing Business 2011* report Bulgaria made *starting a business* (rank 43) easier in 2009/10 by reducing the minimum capital requirement from 5.000 lev (\$3.250) to 2 lev (\$1.30). Moreover, the *paying taxes* pillar went 10 places higher and ranked 85th (95th in 2009), since Bulgaria reduced employer contribution rates for social security (World Bank, 2010). Although the *getting credit* pillar ranked 6th, 2 places lower than last year's rank, it presented the best performance for 5th consecutive year. Also, *dealing with construction permits* (rank 119) remained stably the indicator with the worst performance for the 5th year in a row. The *trading across borders* pillar received the second worst rank (108) after the *dealing with construction permits* pillar (see Table 3.5). Furthermore, in 2010, Bulgaria for one more year managed to be, on the one hand, among the top ten countries that provide strong minority investor protections considering the extent of disclosure, on the other hand, among the countries offering the low protection concerning the extent of director liability (World Bank 2010).

According to the *Doing Business 2012* report –the 9th in a series of annual reports benchmarking the regulations that enhance business activity and those that constrain it– Bulgarian economy's EDB rank continued to worsen in 2011. The country ranked 59th in a total of 183 countries, falling 8 places in comparison with the previous year's rank. This year, except for the *paying taxes* and the *trading across borders* pillars, which were improved and the *enforcing contracts* pillar, the rank of which was stable, all the other pillars received worse ranks than those in 2010. More analytically, the *dealing with construction permits* pillar (rank 128) continued to present the worst performance for the 4th year in a row. The procedures in number that were required for building a warehouse in Bulgaria were 23, the time in days was 120 and the cost as a percentage of income per capita was 317.0. Furthermore, the *starting a business* rank (49) was 6 places lower. The number of the requisite procedures for a business start-up in the country was 4 and the needed days were 18. Although the *getting credit* pillar (rank 8) was not improved in 2011, remained like in all previous years, the indicator with the best performance. Moreover, as it is already mentioned, the *trading across borders* pillar made an improvement and ranked 91th, 17 places higher compared to the rank in 2010. Bulgaria made trading across borders faster by

introducing online submission of customs declaration forms. In addition, a reform was made concerning the *resolving insolvency* pillar (rank 90) (see Table 3.6). Bulgaria amended its commerce act to extend further rights to secured creditors and increase the transparency of insolvency proceedings. The time for creditors –from the company’s default until the payment of some or all of the money owed to the bank– to recover their credit was recorded in calendar years; specifically, in the case of Bulgaria was 3 years and 3 months (World Bank, 2011).

At large, Bulgaria’s EDB rank was almost stable during the years 2007/9, noting little improvement (1 place higher each year). The best performance was presented in the year 2009 (rank 44th). In 2010, the rank deteriorated, reaching nearly 2006’s rank. However, the worst performance of the EDB was marked in 2011 (rank 59th). The *starting a business* pillar received the highest rank (43rd) in 2010 and the lowest (rank 100) in 2007, whereas the *closing a business* pillar got the best performance (rank 64th) in 2006 and the worst (rank 90th) in 2011. In addition, the *getting credit* was the pillar with the best ranks during the years 2006/11, while the *dealing with construction permits* indicator, which was called *dealing with licenses* during the years 2006/7, got the worst ranks during the same time period, respectively. Furthermore, the reforms, which took place in Bulgaria throughout these years, helped the country to present the regulatory environment more conducive to business operation.

3.3 Ease Of Doing Business In European Union Members Compared To Bulgaria

According to the *Doing Business in 2007* report (World Bank, 2006), Bulgaria got the 6th worst EDB rank in the EU27. Specifically, the country was placed 54th after Greece (109th), Italy (82nd), Poland (75th), Hungary (66th) and Slovenia (61st), (see Table 3). Bulgaria was the 3rd worst country in the *dealing with licenses* pillar (rank 140th). Furthermore, Bulgarian economy was the 4th worst economy in the *trading across borders* and *closing a business* pillars, with rank 104th and 64th respectively. On the contrary, Bulgaria was the 5th country with the best performance in the *protecting investors* pillar. The highest EDB rank in the EU27 was noted in United Kingdom (6th). The United Kingdom was the best country where *getting credit* is less

difficult, as it ranked 1st (see Table 3.1). Additionally, Romania –with the *dealing with licenses* (116th), *employing workers* (101st), *getting credit* (48th), *protecting investors* (33rd), *trading across borders* (35th) and *closing a business* (108th) indicators– and France –with the *dealing with licenses* (26th), *getting credit* (48th), *trading across borders* (26th), *enforcing contracts* (19th) and *closing a business* (32nd) indicators– were among the top ten reformers of the year, globally. In specific, Romania simplified the procedures for obtaining building permits and set up a single office to process applications. Before, entrepreneurs had to run around to 5 different agencies. The time required for obtaining construction documents fell by 49 days. Moreover, in order to encourage businesses to hire first-time workers, Romania adopted new labor regulation allowing term contracts to extend up to 6 years. It also eased trading across borders. After-clearance audits now enable customs to quickly release cargo to importers, with the container contents verified after it reaches the warehouse. The time that traders need to satisfy all regulatory requirements was cut in half, to 14 days. And the number of export documents fell to 4, matching the EU average. In the case of France, the number of licenses required for construction projects was reduced from 11 to 3. A month of delay was cut by requiring the building inspectorate to visit and issue a declaration of work completion within three months. Furthermore, France made improvements in both collateral laws and credit information. Also, it improved electronic data interchange systems and it made enforcement of judgments more efficient. Finally, France adopted reforms that increase the chance of success in reorganization. In 2006, Cyprus, Luxembourg and Malta³ did not participate in the report; as a result the data was compared across 24 European countries (World Bank, 2006).

The following year, because of the Bulgarian economy's improvement, the country climbed one place higher in the EDB ranking of the EU27, displaying the 7th worst performance (rank 46th) after Greece (100th), Poland (74th), Czech Republic (56th), Slovenia (55th), Italy (53rd) and Romania (48th) (see Table 3). Bulgaria received the 2nd worst rank (89th) in the *trading across borders* pillar and the 3rd worst rank in the *dealing with licenses* (103rd) and *enforcing contracts* (90th) pillars. On the other hand, the country had the 5th best performance in the *getting credit* pillar (rank 13th) and the 6th best rank in the *protecting investors* pillar (rank 33rd). However, Bulgaria was

³Malta is not part of the *Doing Business* reports.

among the top ten countries-reformers worldwide. This year, Denmark received the highest EDB rank (5th) among the European countries. More analytically, Denmark was the best country in the *dealing with licenses* (rank 6th), *employing workers* (rank 10th) and *trading across borders* (rank 2nd) indicators (see Table 3.2). However, except for Malta, Cyprus did not take part in the measurements of the *Doing Business 2008* report, for the second year in a row. This year, Luxembourg was included in the report and it ranked 42nd (World Bank, 2007).

In 2008, Bulgaria's constant improvement led the country three places higher in the EDB ranking of the EU27. Specifically, Bulgaria –which ranked 45th– was the 10th worst country in the EDB ranking after Greece (96th), Poland (76th), Czech Republic (75th), Italy (65th), Slovenia (54th), Luxembourg (50th), Spain (49th), Portugal (48th) and finally, Romania (47th) (see Table 3). Bulgaria got the 2nd worst rank (102nd), after Slovak Republic (116th) in the *trading across borders* pillar and the 3rd worst rank in the *dealing with construction permits* (117th) and *enforcing contracts* (86th) pillars. In contrast, Bulgaria was the 2nd best country in the *getting credit* indicator (rank 5th) after United Kingdom (rank 2nd). Denmark was the country with the highest EDB rank (5th) in the EU27 for second consecutive year; it received the highest rank again in the *dealing with construction permits* (7th), *employing workers* (10th) and *trading across borders* (3rd) indicators (see Table 3.3) Cyprus did not participate in the *Doing Business* report for the third year in a row (World Bank, 2008).

According to the *Doing Business 2010* report (World Bank, 2009), although Cyprus participated in the annual report noting better rank (40th) than Bulgaria (44th), the latest moved one place higher in the EDB ranking of the EU27 (see Table 3). Particularly, Bulgaria received the 2nd best rank (4th) in the *getting credit* indicator after the United Kingdom (rank 2nd). Additionally, Bulgaria made doing business more difficult in the *dealing with construction permits* (rank 119th) and *trading across borders* pillars (106th), since it got the 2nd worst rank after Poland (164th) and Slovak Republic (113th), respectively. In 2009, the United Kingdom had the best EDB performance (rank 5th) in the EU27, noting the best rank among the European countries –as it is already mentioned– in the *getting credit* indicator and the 2nd best rank in the EU27, in the *starting a business* (16th), *dealing with construction permits* (16th) and *protecting investors* (10th) pillars. Furthermore, Greece (rank 109th) was the

country with the worst performance, for one more year, receiving the worst rank in the *protecting investors* pillar (see Table 3.4)

One year later, the EDB rank of the Bulgarian economy deteriorated and fell 5 places, leading the country to the 6th worst rank (51st) in the EU27 –exactly the same place that the country had received in 2006– after Greece (109th), Italy (80th), Poland (70th), Czech Republic (63rd) and Romania (56th) (see Table 3). More analytically, Bulgaria –in comparison with the EU27– had the worst rank in the *trading across borders* pillar (108th) and the second worst rank in the *dealing with construction permits* (119th) and *closing a business* (83rd) pillars. However, Bulgaria –together with Latvia– was the 2nd best country in *getting credit* (rank 6th), after the United Kingdom (rank 2nd). In 2010, the United Kingdom got the highest EDB rank (4th) in the EU27, whereas Greece –the rank of which remained the same as in 2009– was again the most difficult country for doing business, receiving the worst performance in the *starting a business* (rank 149th) and *protecting investors* (rank 154th) indicators (see Table 3.5). Moreover, Hungary by making reforms in the *dealing with construction permits* (86th), *registering property* (41st), *paying taxes* (109th) and *closing a business* (62nd) pillars, managed to be among the ten economies that were improved the most in the EDB of the year¹. Particularly, Hungary implemented a time limit for the issuance of building permits. It reduced the property registration fee by 6% of the property value. Also, Hungary simplified taxes and tax bases, while amendments to Hungary's bankruptcy law encourage insolvent companies to consider reaching agreements with creditors out of court so as to avoid bankruptcy (World Bank, 2010).

In 2011, according to the *Doing Business 2012* report (World Bank, 2011), Bulgaria (rank 59th) continued to be the 6th worst country in the EDB ranking of the EU27, after Greece (100th), Italy (87th), Romania (72nd), Czech Republic (64th) and finally, Poland (62nd) (see Table 3). Specifically, Bulgaria –compared to the EU27– noted the 2nd worst performance in the *dealing with construction permits* (128th), *trading across borders* (91st) and *resolving insolvency* indicators (90th). On the other hand, Bulgaria received –together with Ireland, Poland and Romania– the 3rd best rank in the *getting credit* pillar (rank 8th), after the United Kingdom (rank 1st) and Latvia (rank 4th). Furthermore, Denmark (rank 5th) appeared as the best country for doing business in 2011, noting the highest rank (10th) in the *dealing with construction permits* indicator. Greece had the lowest EDB rank (100th) in the EU27 for the 6th year in a row, receiving the worst rank (155th) in the *protecting investors* pillar (see Table

3.6). Additionally, Latvia (rank 21st) was among the top ten countries with the most improved economies¹, caused by the reforms that took place in the *starting a business* (51st), *getting electricity* (84th), *registering property* (32nd) and *resolving insolvency* (32nd) indicators, making it easier to do business in the country. More analytically, Latvia made starting a business easier by reducing the minimum capital requirement and introducing a common application for value added tax and company registration. It made getting electricity faster by introducing a simplified process for approval of external connection designs. Also, Latvia made transferring property easier by allowing electronic access to municipal tax databases that show the tax status of property, eliminating the requirement to obtain this information in paper format (World Bank, 2011).

All in all, during the years 2006/11 –except for the year 2009– Bulgaria had one of the ten worst economies regarding the EDB in the EU27. The easiest country for doing business in 2006 and 2009/10 was the United Kingdom; in 2007/8 and 2011, it was Denmark. On the other side, for six consecutive years, Greece was the most difficult country for doing business. Moreover, France and Romania in 2006, Bulgaria in 2007, Hungary in 2010 and finally Latvia in 2011, were the European countries that reformed during the time period 2006/11, improving the most in the EDB.

3.4 Ease Of Doing Business In Black Sea Countries Compared To Bulgaria

As stated by the *Doing Business in 2007* report (World Bank, 2006), Bulgaria marked the 4th best performance (rank 54th) in the EDB ranking of the BS10, after Armenia (34th), Georgia (37th) and Romania (49th) (see Table 4). More analytically, the country –together with Romania– received the highest rank (33rd), among the Black Sea countries, in the *protecting investors* indicator and the 2nd best rank (33rd) in the *getting credit* pillar, after Azerbaijan (21st). However, Bulgaria got the 3rd lowest rank (52nd) in the *enforcing contracts* indicator, after Turkey (70th) and Moldova (55th). Armenia was the country with the best performance in the EDB ranking of the BS10, receiving the best rank in the *dealing with licenses* (36th), *registering property* (2nd) and *enforcing contracts* (18th) pillars, whereas Ukraine got the worst EDB rank (128th), noting the worst performance in the *registering property*

(133rd), *paying taxes* (174th) and *closing a business* (139th) pillars (see Table 4.1). Furthermore, in 2006, Georgia –with the *starting a business* (36th), *dealing with licenses* (42nd), *employing workers* (6th), *getting credit* (48th), *trading across borders* (95th) and *enforcing contracts* (32nd) indicators– and Romania –with the *dealing with licenses* (116th), *employing workers* (101st), *getting credit* (48th), *protecting investors* (33rd), *trading across borders* (35th) and *closing a business* (108th) pillars– were among the top ten reformers, increasing their EDB ranks.

The following year, Bulgaria climbed one place higher, becoming the 3rd best country in the EDB ranking of the BS10, after Georgia (rank 18th) and Armenia (39th) for one more year (see Table 4). Bulgaria ranked 46th, receiving the highest rank in the *getting credit* pillar (13th) –alongside Romania– and the *protecting investors* pillar (33rd) –together with Georgia and Romania. On the contrary, the Bulgarian economy noted the lowest rank (90th) –among the other economies of the BS10– in the *enforcing contracts* indicator and the 3rd worst rank (100th) in *starting a business* indicator. As it is already mentioned, Georgia had the best EDB performance –since it got the highest rank in the *starting a business* (10th), *dealing with licenses* (11th), *employing workers* (4th) and *protecting investors* pillars– whereas Ukraine (rank 139th) was again the worst country for doing business, as it received the lowest rank in the *registering property* (138th), *paying taxes* (177th) and *closing a business* (140th) pillars (see Table 4.2). Additionally, Georgia and Bulgaria were among the top ten reformers in 2007. Georgia reformed in six areas. It strengthened *investor protections*, including through amendments to its securities law that eliminate loopholes that had allowed corporate insiders to expropriate minority investors. Also, it adopted a new *insolvency law* that shortens timelines for reorganization of a distressed company or disposition of a debtor's assets. Georgia sped up approvals for *construction permits* and simplified procedures for *registering property*. It made *starting a business* easier by eliminating the paid-in capital requirement. In addition, the country's *private credit bureau* added payment information from retailers, utilities, and trade creditors to the data it collects and distributes. Bulgaria eased the tax burden on businesses and made it easier to *pay taxes* online. It introduced private bailiffs to improve efficiency in *enforcing judgments*. Also, Bulgaria made *building inspections* less burdensome (World Bank, 2007).

According to the *Doing Business 2009* report (World Bank, 2008), although the Bulgarian economy's global rank was 45th, one place higher than the previous year's

rank, the country received the 4th best rank in the BS10 –one place lower than last year’s rank– because of Azerbaijan’s important improvement. As a result, Bulgaria was under Georgia (15th), Azerbaijan (33rd) and Armenia (44th) in the EDB ranking of the BS10 (see Table 4). Azerbaijan’s extensive reforms moved it far up the ranks, from the 97th to the 33rd rank in the overall EDB. Azerbaijan led the world as the top reformer in 2008, with improvements on seven out of ten indicators of regulatory reform. It started operating a one-stop shop in January 2008 that halved the time, the cost and the number of procedures to *start a business*. In the first 6 months, *business registrations* increased by 40%. Also, Azerbaijan eliminated the minimum loan cutoff of \$1.100, more than doubling the number of borrowers covered at the *credit registry*. In addition, taxpayers can now file and *pay* their *taxes* online. Moreover, Georgia was the easiest country for doing business –for the second year in a row– while Ukraine by receiving the worst rank (145th) for third consecutive year, made doing business most difficult. In addition, Bulgaria –compared to the other countries in the Black Sea region– got the highest rank (5th) in the *getting credit* indicator and the lowest rank (86th) in the *enforcing contracts* indicator (see Table 4.3).

In 2009, Bulgaria (rank 44th) remained the 4th best country in doing business, after Georgia (11th), Azerbaijan (38th) and Armenia (43rd) (see Table 4). More analytically, Bulgaria received the highest rank (4th) in *getting credit* and the 2nd lowest rank (87th), after Greece (rank 89th), in the *enforcing contracts* indicator. Georgia, which was the best country in the EDB ranking for the third year in a row, had 6 out of the 10 pillars – *starting a business* (5th), *dealing with construction permits* (7th), *employing workers* (9th), *registering property* (2nd), *paying taxes* (64th) and *trading across borders* (30th)– with the highest rank in the BS10. Ukraine (rank 142nd) appeared as the country with the worst performance, specifically in the *registering property* (141st), *paying taxes* (181st) and *closing a business* (145th) pillars (see Table 4.4). This year, among the countries of the Black Sea region, only Moldova was one of the top ten reformers. The country introduced measures to improve the ease of *starting a business* (rank 77th). It offered an expedited, 24-hour company registration service for an additional fee. As far as *registering property* (rank 17th) is concerned, Moldova simplified the process by cutting procedures. It eliminated the requirement to obtain a cadastral sketch, speeding up the process by 43 days. As a result, property registration started taking only 5 days. Finally, regarding the *paying taxes* indicator (rank 101st), Moldova

reduced the rates for labor taxes and mandatory contributions paid by employers (World Bank, 2009).

One year later, Bulgaria managed to earn the 3rd best place in the EDB ranking of the BS10, as it did in 2007. The country was ranked 51st, after Georgia (12th) and Armenia (48th). Additionally, it got the highest rank (6th) again in the *getting credit* pillar and the 2nd lowest rank (87th) –after Greece (88th)– in the *enforcing contracts* pillar. Georgia noted the best performance for fourth consecutive year, receiving the highest rank in 6 out of 9 indicators; in *starting a business* (8th), *dealing with construction permits* (7th), *registering property* (2nd), *protecting investors* (20th), *paying taxes* (61st) and finally *trading across borders* (35th). Similarly, Ukraine (rank 145th) was the worst country for doing business –for the fifth year in a row– having the lowest rank in the *registering property* (164th), *paying taxes* (181st) and *closing a business* (150th) pillars (see Table 4.5). It must be noted that this year none of the countries in the Black Sea region gained a place among the top ten countries-reformers (World Bank, 2010).

In 2011, according to the *Doing Business 2012* report (World Bank, 2011), Bulgaria was at the 3rd best place in the EDB ranking of the countries of the Black Sea region, like the previous year. Specifically, Bulgaria was ranked 59th, behind Georgia (16th) and Armenia (55th) for one more year. The country –together with Georgia and Romania– received the highest rank (8th) in the *getting credit* pillar and the 2nd highest rank (69th), after Georgia, in the *paying taxes* pillar. On the other side, Bulgaria got the 3rd lowest rank (87th) –after Armenia (91st) and Greece (90th)– in the *enforcing contracts* indicator. Once more, Georgia appeared as the country that made doing business easiest, noting the highest rank in the *starting a business* (7th), *dealing with construction permits* (4th), *registering property* (1st), *getting credit* (8th), *protecting investors* (17th), *paying taxes* (42nd) and finally, *trading across borders* (54th) indicators. Ukraine was again the country with the worst rank (152nd), since it got the lowest rank in the *dealing with construction permits* (180th), *registering property* (166th), *paying taxes* (181st) and *resolving insolvency* (156th). Furthermore, the countries of the BS10 that improved the most in the EDB were Moldova and Armenia. Particularly, Moldova (rank 81st) made *starting a business* (88th) easier by implementing a one-stop shop. It improved its credit information system by establishing its first private credit bureau (the *getting credit* pillar was ranked 40th). In addition, Moldova made enforcement of judgments more efficient by introducing

private bailiffs (the *enforcing contracts* pillar was ranked 26th). Also, reforms made in the *resolving insolvency* pillar (91st), since Moldova amended its insolvency law to grant priority to secured creditors. In the case of Armenia, the latest made *starting a business* (10th) easier by establishing a one-stop shop that merged the procedures for name reservation, business registration and obtaining a tax identification number and by allowing for online company registration. It made *dealing with construction permits* (57th) easier by eliminating the requirement to obtain an environmental impact assessment for small projects. Moreover, Armenia improved its credit information system by introducing a requirement to collect and distribute information from utility companies (the *getting credit* pillar was ranked 40th). Also, it made tax compliance easier for firms by reducing the number of payments for social security contributions and corporate income, property and land taxes and by introducing mandatory electronic filing and payment for major taxes (the *paying taxes* pillar was ranked 153rd). Finally, Armenia made doing business in *resolving insolvency* (62nd) easier, since it amended its bankruptcy law to clarify procedures for appointing insolvency administrators, reduce the processing time for bankruptcy proceedings and regulate asset sales by auction (see Table 4.6) (World Bank, 2011).

On the whole, during the years 2006/11, Bulgaria was the 3rd or 4th best country regarding the EDB in the BS10. Georgia received the highest EDB rank during the years 2007/11, but in 2006 Armenia got the best rank. In addition, for six consecutive years, Ukraine was the country with the worst performance among the countries of the Black Sea region. Throughout these years, many countries implemented reforms that made easier to do business in them; Romania in 2006, Georgia in 2006/7, Bulgaria in 2007, Azerbaijan in 2008, Moldova in 2009 & 2011 and finally, Armenia in 2011.

CHAPTER 5: Conclusion

5.1 Synopsis of Bulgaria's economy in terms of competitiveness

GCI Bulgaria: During the years 2004/11, Bulgaria showed a medium level performance. Bulgaria's best place in the GCI ranking noted in 2005/6 whereas the country's worst GCI rank was in 2007/8. In 2008/10 Bulgaria remained stable concerning its performance, since it got exactly the same GCI rank and almost the same score. Furthermore, in total, the country received high scores in the *health and primary education* pillar and low in the *innovation* pillar during all these years.

GCI Bulgaria - EU27: The average GCI score of the EU27 was moving backward and forward during the years 2004/12. The performance of the Bulgarian economy's competitiveness was not good in comparison with the EU27, since Bulgaria's score did not manage to go beyond the average GCI score of the EU27 during all these years. Furthermore, the highest differentiation between Bulgaria and the EU27 was noted in the year 2006/7, while the lowest differentiation was marked in the last year.

GCI Bulgaria - BS10: The average GCI score of the BS10 kept rising during the period 2004/11 except for the year 2005/6, that it went into a slight decline. Accordingly, in an overall view, Bulgaria had a good performance, compared to the BS10 and especially by having the highest differentiation in the year 2005/6. Furthermore, Bulgaria's score was below the average GCI score of the BS10, only in the years 2006/7, 2007/8 and 2009/10, with the highest differentiation in the ranking taking place in the year 2007/8.

5.2 Synopsis of Bulgaria's economy in terms of easy of doing business

EBD Bulgaria: Bulgaria's EDB rank was almost stable during the years 2007/9, noting little improvement (1 place higher each year). The best performance was presented in the year 2009. In 2010, the rank deteriorated, reaching nearly 2006's rank. However, the worst performance of the EDB was marked in 2011. The *starting a business* pillar received the highest rank in 2010 and the lowest in 2007, whereas

the *closing a business* pillar got the best performance in 2006 and the worst in 2011. In addition, the *getting credit* was the pillar with the best ranks during the years 2006/11, while the *dealing with construction permits* indicator, which was called dealing with licenses during the years 2006/7, got the worst ranks during the same time period, respectively. Furthermore, the reforms, which took place in Bulgaria throughout these years, helped the country to present the regulatory environment more conducive to business operation.

EDB Bulgaria - EU27: During the years 2006/11 –except for the year 2009– Bulgaria had one of the ten worst economies regarding the EDB in the EU27. The easiest country for doing business in 2006 and 2009/10 was the United Kingdom; in 2007/8 and 2011, it was Denmark. On the other side, for six consecutive years, Greece was the most difficult country for doing business. Moreover, France and Romania in 2006, Bulgaria in 2007, Hungary in 2010 and finally Latvia in 2011, were the European countries that reformed during the time period 2006/11, improving the most in the EDB.

EDB Bulgaria - BS10: During the years 2006/11, Bulgaria was the 3rd or 4th best country regarding the EDB in the BS10. Georgia received the highest EDB rank during the years 2007/11, but in 2006 Armenia got the best rank. In addition, for six consecutive years, Ukraine was the country with the worst performance among the countries of the Black Sea region. Throughout these years, many countries implemented reforms that made easier to do business in them; Romania in 2006, Georgia in 2006/7, Bulgaria in 2007, Azerbaijan in 2008, Moldova in 2009 & 2011 and finally, Armenia in 2011.

5.3 Aspects and perspectives for Bulgarian economy about its present & future

Since 1990, when Bulgaria joined the World Bank Group, the latest has helped to foster economic growth in the country and supported reforms in areas such as banking, revenue administration, health, social welfare and environmental protection. Several projects within the previous Country Partnership Strategy have produced tangible results.

Drawing on World Bank policy advice, Bulgaria established prudent macroeconomic policies and fiscal stability and it also increased revenue collection. Bulgaria has enjoyed a decade of sustained economic growth, but the global financial crisis of 2008/9 had a serious impact. Now the Bulgarian economy has begun to recover up to a point, with positive prospects for achieving smart, sustainable and inclusive growth, in line with the Europe 2020 strategy.

The competitiveness of the Bulgarian economy has increased in view of its integration to the EU and its market economy. Becoming competitive is one of the criteria for its integration to the European union. The principle of competitiveness is a main priority for its development, not only for all governments but also for the business.

The total improvement of Bulgarian business environment and effective management could significantly increase the competitive status of the Bulgarian economy in long-term perspective. If this becomes real, then the prosperity of households and citizens will increase. Otherwise, the reasons will lack political skills.

The increase of competitiveness in Bulgarian economy has transformed main economical and managerial priorities in business and government policy. Economic growth, living standard and integration to the EU will contribute to the increase of competitiveness. As a result it could be easily conceivable, why national and regional strategies are necessary; development and realization of the industrial policy is an important part of the strategy.

Bulgaria is characterized by macroeconomic stability and good macroeconomic performance. In the period 2005-2007, the country's performance by attracting investment funds was the best in the EU27 and the second best in the world. However, the institutional framework is inadequate and ineffective, low-grade protection of business from organized crime and with little protection of the interests of minority shares. For the further development of the country the greatest challenge, should be to improve the function of the judicial system and to make progress in combating corruption and organized crime. Moreover, it is highlighted the inadequacy of infrastructure, particularly in the energy sector where the modernization of technology is essential.

It is a shared attitude, that structural reform is a prerequisite for further boost economic growth. The need to combat tax evasion, contain costs and improve operations of government services. Regarding the law on public procurement,

expressed the expectation that the future legislative changes will be achieved by speeding up the rate of absorption of EU funds and in particular, a stable and predictable legal framework in order to allow Bulgaria to attract foreign funds. Last but not least, regarding the public health system, it is well viewed, the need for cutting costs in connection with promotion of changes, aimed at providing better services.

Moreover, it is generally argued that a true sustainable development requires much more than the increase in GDP, such as the consolidation of state's financial banks and businesses and the creation of available jobs.

Fitch ratings agency expects Bulgaria to enter the euro zone in 2015 rather than in 2014 and 2012, respectively, mainly due to the financial challenges faced by countries with large external financing requirements, fixed exchange rates and high levels of euro-denominated debt on their balance sheets.

The Bulgarian economy is still the most underdeveloped in the EU. The high economy growth in the last decade came as a result of foreign investments in real estate and financial intermediation that stimulated internal consumption. Bulgaria needs a new model for economic development, which should be oriented towards growth of export of goods and services with high added value and the conversion of Bulgaria into a main gate for goods and investments coming from East Asia.

Industry and IT services are the sectors that generate 90% of exports and can provide long-term economic prosperity for Bulgaria. Moreover, in the industry sector related to natural resources and cheap labor force, cannot provide stable economic prosperity due to the limited natural resources, fluctuating resource prices and competition from countries with much lower labor cost.

In addition, sectors associated with high capital expenditures have high added value and are traditionally well developed in the country. Bulgaria should remain an attractive destination for major capital investments, by maintaining low tax rates and construction of better transport and energy infrastructure.

Also, sectors that have greatest potential for further development in Bulgaria and can provide long-term economic prosperity for the country that are related to the high intensity of innovations.

Furthermore, the main priority in the field of innovations, which is still inadequate and ineffective, should be the following: informational technologies, eco technologies and health related technologies. These technologies have potential application in various sectors of the economy, including: IT services, electronics, engineering,

automotive, manufacture of electrical machinery, energy, pharmacy, medical equipment production, healthcare, tourism, agriculture and other.

In the end, Bulgaria's optimal target should include the elaboration, active promotion and implementation of an enhanced EU policy in the Black Sea region. Through this scope, Bulgarian economy in the near future might be a competitive and dominant economy, not only among the Black Sea countries but also in the European Union.

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APPENDIX

Table 1. Global Competitiveness Index 2004-2012, EU27

	2004-2005		2005-2006		2006-2007		2007-2008		2008-2009		2009-2010		2010-2011		2011-2012	
	GCI Score (Rank)		GCI Score (Rank)		GCI Score (Rank)		GCI Score (Rank)		GCI Score (Rank)		GCI Score (Rank)		GCI Score (Rank)		GCI Score (Rank)	
Austria	5.20	(17)	4.95	(21)	5.32	(17)	5.23	(15)	5.23	(14)	5.13	(17)	5.09	(18)	5.14	(19)
Belgium	4.95	(25)	4.63	(31)	5.27	(20)	5.10	(20)	5.14	(19)	5.09	(18)	5.07	(19)	5.20	(15)
Bulgaria	3.98	(59)	3.83	(58)	3.96	(72)	3.93	(79)	4.03	(76)	4.02	(76)	4.13	(71)	4.16	(74)
Cyprus	4.56	(38)	4.54	(34)	4.36	(46)	4.23	(55)	4.53	(40)	4.57	(34)	4.50	(40)	4.36	(47)
Czech Republic	4.55	(40)	4.42	(38)	4.74	(29)	4.58	(33)	4.62	(33)	4.67	(31)	4.57	(36)	4.52	(38)
Denmark	5.66	(5)	5.65	(4)	5.70	(4)	5.55	(3)	5.58	(3)	5.46	(5)	5.32	(9)	5.40	(8)
Estonia	5.08	(20)	4.95	(20)	5.12	(25)	4.74	(27)	4.67	(32)	4.56	(35)	4.61	(33)	4.62	(33)
Finland	5.95	(1)	5.94	(1)	5.76	(2)	5.49	(6)	5.50	(6)	5.43	(6)	5.37	(7)	5.47	(4)
France	4.92	(27)	4.78	(30)	5.31	(18)	5.18	(18)	5.22	(16)	5.13	(16)	5.13	(15)	5.14	(18)
Germany	5.28	(13)	5.10	(15)	5.58	(8)	5.51	(5)	5.46	(7)	5.37	(7)	5.39	(5)	5.41	(6)
Greece	4.56	(37)	4.26	(46)	4.33	(47)	4.08	(65)	4.11	(67)	4.04	(71)	3.99	(83)	3.92	(90)
Hungary	4.56	(39)	4.38	(39)	4.52	(41)	4.35	(47)	4.22	(62)	4.22	(58)	4.33	(52)	4.36	(48)
Ireland	4.90	(30)	4.86	(26)	5.21	(21)	5.03	(22)	4.99	(22)	4.84	(25)	4.74	(29)	4.77	(29)
Italy	4.27	(47)	4.21	(47)	4.46	(42)	4.36	(46)	4.35	(49)	4.31	(48)	4.37	(48)	4.43	(43)
Latvia	4.43	(44)	4.29	(44)	4.57	(36)	4.41	(45)	4.26	(54)	4.06	(68)	4.14	(70)	4.24	(64)
Lithuania	4.57	(36)	4.30	(43)	4.53	(40)	4.49	(38)	4.45	(44)	4.30	(53)	4.38	(47)	4.41	(44)
Luxembourg	4.95	(26)	4.90	(25)	5.16	(22)	4.88	(25)	4.85	(25)	4.96	(21)	5.05	(20)	5.03	(23)
Malta	4.79	(32)	4.54	(35)	4.54	(39)	4.21	(56)	4.31	(52)	4.30	(52)	4.34	(50)	4.33	(51)
Netherlands	5.30	(12)	5.21	(11)	5.56	(9)	5.40	(10)	5.41	(8)	5.32	(10)	5.33	(8)	5.41	(7)
Poland	3.98	(60)	4.00	(51)	4.30	(48)	4.28	(51)	4.28	(53)	4.33	(46)	4.51	(39)	4.46	(41)
Portugal	4.96	(24)	4.91	(22)	4.60	(34)	4.48	(40)	4.47	(43)	4.40	(43)	4.38	(46)	4.40	(45)
Romania	3.86	(63)	3.67	(67)	4.02	(68)	3.97	(74)	4.10	(68)	4.11	(64)	4.16	(67)	4.08	(77)
Slovak Republic	4.43	(43)	4.31	(41)	4.55	(37)	4.45	(41)	4.40	(46)	4.31	(47)	4.25	(60)	4.19	(69)
Slovenia	4.75	(33)	4.59	(32)	4.64	(33)	4.48	(39)	4.50	(42)	4.55	(37)	4.42	(45)	4.30	(57)
Spain	5.00	(23)	4.80	(29)	4.77	(28)	4.66	(29)	4.72	(29)	4.59	(33)	4.49	(42)	4.54	(36)
Sweden	5.72	(3)	5.65	(3)	5.74	(3)	5.54	(4)	5.53	(4)	5.51	(4)	5.56	(2)	5.61	(3)
United Kingdom	5.30	(11)	5.11	(13)	5.54	(10)	5.41	(9)	5.30	(12)	5.19	(13)	5.25	(12)	5.39	(10)
EU27	4.83		4.70		4.89		4.74		4.75		4.69		4.70		4.71	

Best
Performance

Worst
Performance

Source: World Economic Forum

Table 1.1 Growth Competitiveness Index 2004-2005, EU27

	GCI Score (Rank)		Public Institutions Index	Macroeconomic Environment Index	Technology Index
Austria	5.20	(17)	5.99	5.11	4.85
Belgium	4.95	(25)	5.71	4.92	4.59
Bulgaria	3.98	(59)	4.36	3.77	3.82
Cyprus	4.56	(38)	5.18	4.14	4.36
Czech Republic	4.55	(40)	4.56	4.22	4.88
Denmark	5.66	(5)	6.59	5.36	5.34
Estonia	5.08	(20)	5.59	4.65	5.01
Finland	5.95	(1)	6.48	5.47	5.92
France	4.92	(27)	5.62	4.78	4.65
Germany	5.28	(13)	6.21	4.77	5.08
Greece	4.56	(37)	4.74	4.52	4.42
Hungary	4.56	(39)	5.07	3.95	4.66
Ireland	4.90	(30)	5.87	4.85	4.43
Italy	4.27	(47)	4.64	4.27	4.08
Latvia	4.43	(44)	4.55	4.27	4.46
Lithuania	4.57	(36)	4.75	4.46	4.51
Luxembourg	4.95	(26)	5.99	5.23	4.28
Malta	4.79	(32)	5.39	4.11	4.85
Netherlands	5.30	(12)	6.08	5.13	4.98
Poland	3.98	(60)	3.70	4.05	4.19
Portugal	4.96	(24)	5.69	4.42	4.78
Romania	3.86	(63)	3.94	3.50	4.13
Slovak Republic	4.43	(43)	4.64	3.98	4.67
Slovenia	4.75	(33)	5.28	4.26	4.71
Spain	5.00	(23)	5.16	4.99	4.86
Sweden	5.72	(3)	6.31	4.99	5.80
United Kingdom	5.30	(11)	6.23	5.11	4.92
EU27	4.83		5.35	4.57	4.71

**Best
Performance**

**Worst
Performance**

Source: World Economic Forum

Table 1.2 Global Competitiveness Index 2005-2006, EU27

	GCI Score (Rank)		Public Institutions Index	Macroeconomic Environment Index	Technology Index
Austria	4.95	(21)	6.00	5.07	4.35
Belgium	4.63	(31)	5.38	4.76	4.18
Bulgaria	3.83	(58)	4.23	3.95	3.31
Cyprus	4.54	(34)	5.44	4.33	3.87
Czech Republic	4.42	(38)	4.63	4.31	4.31
Denmark	5.65	(4)	6.35	5.64	5.30
Estonia	4.95	(20)	5.51	4.73	4.62
Finland	5.94	(1)	6.19	5.52	6.02
France	4.78	(30)	5.72	4.90	4.26
Germany	5.10	(15)	6.04	4.81	4.78
Greece	4.26	(46)	4.77	4.16	3.85
Hungary	4.38	(39)	5.15	3.91	4.08
Ireland	4.86	(26)	5.93	5.38	4.07
Italy	4.21	(47)	4.70	4.26	3.68
Latvia	4.29	(44)	4.55	4.48	3.83
Lithuania	4.30	(43)	4.73	4.47	3.70
Luxembourg	4.90	(25)	6.08	5.30	4.11
Malta	4.54	(35)	5.23	4.09	4.29
Netherlands	5.21	(11)	5.83	5.26	4.88
Poland	4.00	(51)	4.14	4.09	3.77
Portugal	4.91	(22)	5.83	4.51	4.39
Romania	3.67	(67)	3.84	3.65	3.53
Slovak Republic	4.31	(41)	4.73	4.23	3.99
Slovenia	4.59	(32)	5.14	4.57	4.07
Spain	4.80	(29)	5.13	5.07	4.21
Sweden	5.65	(3)	5.82	5.24	5.78
United Kingdom	5.11	(13)	5.98	5.13	4.66
EU27	4.70		5.30	4.66	4.29

**Best
Performance**

**Worst
Performance**

Source: World Economic Forum

Table 1.3 Global Competitiveness Index 2006-2007, EU27

	Overall Index		Basic requirements						Efficiency enhancers					Innovation & sophistication factors			
	GCI Score (Rank)		Score (Rank)		Institutions	Infrastructure	Macroeconomy	Health & primary education	Score (Rank)		Higher education & training	Market efficiency	Technological readiness	Score (Rank)		Business sophistication	Innovation
Austria	5.32	(17)	5.58	(18)	5.45	5.43	4.91	6.52	5.16	(20)	5.39	4.94	5.15	5.28	(12)	5.91	4.65
Belgium	5.27	(20)	5.59	(17)	4.85	5.85	4.76	6.89	5.07	(23)	5.83	4.69	4.68	5.21	(14)	5.73	4.68
Bulgaria	3.96	(72)	4.50	(62)	3.07	3.41	4.92	6.61	3.67	(70)	4.05	3.75	3.21	3.26	(85)	3.59	2.93
Cyprus	4.36	(46)	5.03	(37)	4.52	4.47	4.33	6.79	4.27	(44)	4.48	4.22	4.10	3.81	(49)	4.32	3.30
Czech Republic	4.74	(29)	4.89	(42)	3.84	4.50	4.81	6.42	4.73	(27)	5.04	4.43	4.74	4.47	(27)	4.96	3.98
Denmark	5.70	(4)	6.15	(1)	5.98	6.24	5.44	6.94	5.59	(6)	5.91	5.40	5.46	5.40	(7)	5.76	5.04
Estonia	5.12	(25)	5.31	(30)	4.70	4.66	5.31	6.58	5.18	(19)	5.26	4.98	5.29	4.24	(32)	4.65	3.83
Finland	5.76	(2)	6.10	(3)	6.05	5.91	5.50	6.93	5.60	(4)	6.23	5.13	5.44	5.65	(6)	5.74	5.56
France	5.31	(18)	5.66	(15)	4.91	6.25	4.55	6.92	5.07	(22)	5.57	4.83	4.81	5.28	(13)	5.76	4.80
Germany	5.58	(8)	5.75	(9)	5.69	6.51	4.44	6.37	5.22	(17)	5.42	5.09	5.16	5.89	(3)	6.26	5.51
Greece	4.33	(47)	4.96	(40)	4.36	4.71	3.86	6.92	4.18	(47)	4.78	4.17	3.58	3.89	(45)	4.35	3.43
Hungary	4.52	(41)	4.64	(52)	4.18	4.05	3.94	6.39	4.57	(32)	4.93	4.61	4.18	4.08	(39)	4.34	3.82
Ireland	5.21	(21)	5.46	(23)	5.15	4.61	5.27	6.78	5.21	(18)	5.52	5.22	4.89	4.96	(19)	5.39	4.54
Italy	4.46	(42)	4.70	(48)	3.66	4.00	4.21	6.93	4.41	(40)	4.77	4.02	4.43	4.29	(31)	5.08	3.50
Latvia	4.57	(36)	4.90	(41)	4.07	4.33	4.93	6.27	4.48	(36)	5.01	4.44	3.98	3.74	(58)	4.28	3.19
Lithuania	4.53	(40)	4.80	(45)	3.86	4.14	4.82	6.37	4.44	(38)	4.97	4.35	3.99	3.96	(44)	4.56	3.35
Luxembourg	5.16	(22)	5.73	(10)	5.45	5.63	5.28	6.56	5.00	(24)	4.42	5.11	5.47	4.81	(23)	5.27	4.36
Malta	4.54	(39)	4.98	(39)	4.59	4.37	4.26	6.69	4.57	(33)	4.36	4.35	5.00	3.79	(53)	4.32	3.26
Netherlands	5.56	(9)	5.94	(8)	5.60	6.09	5.16	6.90	5.45	(9)	5.67	5.23	5.45	5.35	(11)	5.80	4.90
Poland	4.30	(48)	4.59	(57)	3.62	3.64	4.34	6.76	4.17	(48)	4.79	4.16	3.56	3.80	(51)	4.13	3.47
Portugal	4.60	(34)	5.22	(34)	4.83	4.93	4.23	6.88	4.47	(37)	4.63	4.61	4.18	4.14	(37)	4.47	3.81
Romania	4.02	(68)	4.19	(83)	3.40	3.05	3.94	6.38	3.99	(55)	4.34	4.03	3.59	3.52	(73)	3.89	3.14
Slovak Republic	4.55	(37)	4.70	(47)	4.03	4.08	4.37	6.31	4.56	(34)	4.52	4.66	4.50	3.96	(43)	4.41	3.51
Slovenia	4.64	(33)	5.17	(36)	4.27	4.51	5.08	6.83	4.58	(30)	5.07	4.17	4.51	4.18	(34)	4.64	3.71
Spain	4.77	(28)	5.42	(25)	4.37	5.22	5.13	6.94	4.62	(28)	4.86	4.63	4.38	4.34	(30)	5.00	3.68
Sweden	5.74	(3)	5.95	(7)	5.51	5.97	5.40	6.93	5.65	(2)	5.85	5.11	6.01	5.66	(5)	5.87	5.44
United Kingdom	5.54	(10)	5.67	(14)	5.38	5.74	4.67	6.89	5.59	(7)	5.57	5.63	5.56	5.36	(10)	5.82	4.89
EU27	4.89		5.24		4.64	4.90	4.74	6.69	4.80		5.08	4.67	4.64	4.53		4.97	4.08

Best Performance

Worst Performance

Source: World Economic Forum

Table 1.4 Global Competitiveness Index 2007-2008, EU27

	Overall Index		Basic requirements						Efficiency enhancers								Innovation & sophistication factors			
	GCI Score (Rank)		Score (Rank)		Institutions	Infrastructure	Macroeconomy	Health & primary education	Score (Rank)		Higher education & training	Goods market efficiency	Labor market efficiency	Financial market sophistication	Technological readiness	Market size	Score (Rank)		Business sophistication	Innovation
Austria	5.23	(15)	5.75	(10)	5.72	5.69	5.32	6.29	5.02	(21)	5.40	5.41	4.52	5.13	5.17	4.47	5.22	(11)	5.69	4.76
Belgium	5.10	(20)	5.48	(20)	5.06	5.65	4.90	6.31	4.96	(22)	5.57	5.20	4.10	5.37	4.82	4.68	5.09	(15)	5.44	4.74
Bulgaria	3.93	(79)	4.22	(76)	3.22	2.91	5.16	5.57	3.83	(72)	3.99	3.89	4.25	4.09	3.11	3.66	3.26	(91)	3.57	2.96
Cyprus	4.23	(55)	5.21	(31)	4.65	4.91	5.02	6.25	4.12	(53)	4.46	4.65	4.16	4.88	3.85	2.72	3.75	(55)	4.26	3.25
Czech Republic	4.58	(33)	4.85	(42)	3.84	4.22	5.26	6.06	4.54	(30)	4.85	4.65	4.64	4.60	4.12	4.38	4.33	(28)	4.71	3.95
Denmark	5.55	(3)	6.14	(1)	6.14	6.10	5.87	6.45	5.44	(4)	5.96	5.43	5.52	5.89	5.64	4.19	5.36	(8)	5.60	5.11
Estonia	4.74	(27)	5.25	(29)	4.74	4.38	5.85	6.06	4.66	(27)	5.18	4.95	4.76	5.10	5.07	2.89	4.07	(35)	4.39	3.75
Finland	5.49	(6)	6.11	(2)	6.16	5.84	5.87	6.58	5.19	(14)	6.01	5.35	4.75	5.58	5.36	4.08	5.56	(6)	5.46	5.67
France	5.18	(18)	5.70	(13)	5.09	6.46	4.93	6.31	5.04	(20)	5.38	5.03	4.06	5.20	4.88	5.66	5.08	(16)	5.47	4.69
Germany	5.51	(5)	5.82	(9)	5.83	6.65	4.93	5.88	5.28	(11)	5.33	5.29	4.45	5.64	5.05	5.90	5.70	(3)	5.93	5.46
Greece	4.08	(65)	4.70	(48)	4.31	4.38	4.29	5.83	4.07	(57)	4.44	4.24	3.69	4.41	3.29	4.33	3.68	(59)	4.13	3.23
Hungary	4.35	(47)	4.54	(55)	4.14	3.93	4.22	5.86	4.34	(40)	4.64	4.26	4.36	4.64	3.91	4.26	3.98	(43)	4.35	3.61
Ireland	5.03	(22)	5.31	(27)	5.25	4.03	5.69	6.28	5.05	(19)	5.26	5.41	4.87	5.91	4.65	4.17	4.80	(22)	5.07	4.54
Italy	4.36	(46)	4.55	(54)	3.77	3.91	4.46	6.08	4.38	(39)	4.55	4.32	3.50	3.96	4.37	5.61	4.18	(32)	4.91	3.45
Latvia	4.41	(45)	4.73	(47)	4.02	3.91	5.24	5.77	4.32	(42)	4.82	4.47	4.61	4.90	4.01	3.08	3.55	(72)	4.02	3.08
Lithuania	4.49	(38)	4.82	(43)	4.08	4.05	5.34	5.80	4.33	(41)	4.98	4.52	4.49	4.59	4.04	3.40	3.94	(44)	4.43	3.45
Luxembourg	4.88	(25)	5.67	(15)	5.50	5.37	5.80	5.99	4.75	(25)	4.40	5.23	4.56	5.85	5.38	3.09	4.57	(24)	4.96	4.18
Malta	4.21	(56)	4.92	(41)	4.78	4.11	4.90	5.89	4.12	(54)	4.44	4.51	3.96	5.40	4.25	2.16	3.70	(58)	4.15	3.24
Netherlands	5.40	(10)	5.90	(7)	5.73	5.84	5.73	6.31	5.31	(9)	5.57	5.37	4.71	5.63	5.65	4.95	5.21	(12)	5.54	4.88
Poland	4.28	(51)	4.41	(64)	3.65	3.03	5.01	5.96	4.30	(43)	4.62	4.12	4.44	4.32	3.44	4.88	3.66	(61)	4.04	3.28
Portugal	4.48	(40)	5.14	(35)	4.87	4.98	4.68	6.04	4.48	(33)	4.62	4.59	4.14	4.94	4.28	4.28	4.40	(38)	4.37	3.71
Romania	3.97	(74)	4.07	(88)	3.44	2.57	4.64	5.62	3.98	(62)	4.14	4.04	4.13	4.05	3.29	4.23	3.54	(73)	3.99	3.09
Slovak Republic	4.45	(41)	4.64	(50)	3.99	3.78	4.92	5.88	4.46	(34)	4.42	4.66	4.76	5.02	4.08	3.81	3.84	(52)	4.26	3.42
Slovenia	4.48	(39)	5.10	(37)	4.45	4.32	5.47	6.16	4.40	(38)	5.08	4.63	4.43	4.68	4.29	3.28	4.20	(30)	4.65	3.75
Spain	4.66	(29)	5.32	(26)	4.46	5.46	5.42	5.95	4.68	(26)	4.75	4.59	4.08	4.96	4.33	5.36	4.20	(31)	4.81	3.58
Sweden	5.54	(4)	5.94	(6)	5.86	5.71	5.76	6.44	5.34	(8)	5.98	5.37	4.61	5.73	5.87	4.47	5.62	(5)	5.70	5.53
United Kingdom	5.41	(9)	5.59	(16)	5.31	5.71	5.18	6.16	5.53	(2)	5.42	5.30	5.29	6.17	5.27	5.74	5.62	(5)	5.41	4.79
EU27	4.74		5.18		4.74	4.74	5.18	6.07	4.66		4.97	4.80	4.44	5.06	4.50	4.21	4.45		4.79	4.04

Best
PerformanceWorst
Performance

Source: World Economic Forum

Table 1.5 Global Competitiveness Index 2008-2009, EU27

	Overall Index		Basic requirements						Efficiency enhancers								Innovation & sophistication factors			
	GCI Score (Rank)		Score (Rank)		Institutions	Infrastructure	Macroeconomy	Health & primary education	Score (Rank)		Higher education & training	Goods market efficiency	Labor market efficiency	Financial market sophistication	Technological readiness	Market size	Score (Rank)		Business sophistication	Innovation
Austria	5.23	(14)	5.81	(9)	5.72	5.86	5.36	6.28	5.03	(20)	5.28	5.38	4.65	5.01	5.34	4.56	5.16	(12)	5.65	4.68
Belgium	5.14	(19)	5.60	(18)	5.15	5.62	5.14	6.50	5.02	(21)	5.63	5.22	4.26	5.25	5.01	4.75	5.02	(15)	5.36	4.69
Bulgaria	4.03	(76)	4.20	(82)	3.28	2.79	5.21	5.53	4.05	(65)	4.09	4.11	4.42	4.18	3.65	3.83	3.30	(92)	3.69	2.91
Cyprus	4.53	(40)	5.48	(23)	5.03	5.17	5.33	6.39	4.43	(39)	4.68	4.88	4.44	5.11	4.35	3.12	4.05	(41)	4.57	3.53
Czech Republic	4.62	(33)	4.85	(45)	3.87	4.11	5.37	6.07	4.67	(28)	4.98	4.73	4.74	4.65	4.48	4.45	4.37	(25)	4.77	3.98
Denmark	5.58	(3)	6.14	(4)	6.18	6.01	5.92	6.44	5.49	(3)	5.98	5.39	5.60	5.82	5.87	4.27	5.37	(7)	5.66	5.09
Estonia	4.67	(32)	5.27	(30)	4.85	4.44	5.72	6.08	4.73	(26)	5.23	4.98	4.74	5.08	5.30	3.04	4.06	(40)	4.38	3.74
Finland	5.50	(6)	6.18	(1)	6.18	5.94	6.01	6.57	5.21	(13)	6.07	5.22	4.81	5.51	5.46	4.16	5.53	(5)	5.49	5.57
France	5.22	(16)	5.76	(13)	5.10	6.54	5.04	6.35	5.09	(16)	5.37	5.01	4.05	5.19	5.16	5.73	5.08	(14)	5.50	4.67
Germany	5.46	(7)	5.96	(7)	5.65	6.65	5.42	6.10	5.22	(11)	5.15	5.19	4.43	5.35	5.22	5.99	5.54	(4)	5.87	5.22
Greece	4.11	(67)	4.66	(51)	4.10	4.28	4.37	5.89	4.16	(57)	4.52	4.22	3.89	4.29	3.50	4.52	3.65	(68)	4.13	3.18
Hungary	4.22	(62)	4.43	(64)	3.94	3.85	4.20	5.74	4.31	(48)	4.51	4.20	4.23	4.42	4.21	4.28	3.75	(55)	4.05	3.45
Ireland	4.99	(22)	5.24	(32)	5.39	3.95	5.33	6.28	5.05	(19)	5.18	5.30	4.95	5.68	4.98	4.22	4.72	(20)	5.05	4.39
Italy	4.35	(49)	4.53	(58)	3.68	3.94	4.46	6.04	4.38	(42)	4.43	4.24	3.56	3.90	4.52	5.65	4.19	(31)	4.99	3.38
Latvia	4.26	(54)	4.63	(55)	4.05	3.81	4.91	5.76	4.31	(47)	4.67	4.46	4.71	4.80	4.00	3.24	3.39	(84)	3.85	2.94
Lithuania	4.45	(44)	4.84	(46)	4.19	4.24	5.23	5.69	4.37	(43)	4.85	4.52	4.52	4.50	4.29	3.51	3.87	(49)	4.39	3.35
Luxembourg	4.85	(25)	5.78	(12)	5.68	5.38	6.03	6.03	4.69	(27)	4.39	5.21	4.52	5.39	5.52	3.12	4.51	(24)	4.87	4.15
Malta	4.31	(52)	5.08	(40)	4.88	4.46	4.97	6.02	4.35	(44)	4.51	4.55	4.08	5.36	4.75	2.84	3.74	(56)	4.23	3.25
Netherlands	5.41	(8)	5.81	(10)	5.76	5.71	5.45	6.30	5.38	(7)	5.52	5.39	4.72	5.57	6.01	5.06	5.20	(9)	5.58	4.82
Poland	4.28	(53)	4.39	(70)	3.63	2.77	5.25	5.90	4.39	(41)	4.64	4.22	4.40	4.28	3.79	5.00	3.70	(61)	4.23	3.17
Portugal	4.47	(43)	5.14	(37)	4.75	5.07	4.74	6.00	4.47	(34)	4.59	4.53	4.18	4.71	4.51	4.32	4.03	(43)	4.39	3.66
Romania	4.10	(68)	4.15	(87)	3.63	2.56	4.85	5.55	4.18	(54)	4.29	4.18	4.10	4.42	3.70	4.38	3.53	(75)	3.93	3.14
Slovak Republic	4.40	(46)	4.66	(52)	3.85	3.64	5.31	5.82	4.52	(32)	4.43	4.71	4.67	5.04	4.35	3.94	3.80	(53)	4.33	3.28
Slovenia	4.50	(42)	5.13	(38)	4.40	4.49	5.48	6.15	4.45	(37)	5.15	4.49	4.41	4.67	4.53	3.44	4.15	(33)	4.59	3.72
Spain	4.72	(29)	5.34	(27)	4.59	5.30	5.53	5.96	4.75	(25)	4.75	4.63	4.11	4.93	4.59	5.47	4.25	(29)	4.89	3.61
Sweden	5.53	(4)	5.99	(6)	6.05	5.71	5.88	6.35	5.35	(9)	5.83	5.34	4.74	5.65	5.99	4.57	5.53	(6)	5.64	5.42
United Kingdom	5.30	(12)	5.46	(24)	4.99	5.52	5.15	6.17	5.45	(4)	5.27	5.05	5.19	5.81	5.62	5.77	4.93	(17)	5.20	4.66
EU27	4.75		5.20		4.76	4.73	5.25	6.07	4.72		4.96	4.79	4.49	4.98	4.77	4.34	4.39		4.79	3.99

Best Performance

Worst Performance

Source: World Economic Forum

Table 1.6 Global Competitiveness Index 2009-2010, EU27

	Overall index		Basic Requirements						Efficiency enhancers								Innovation & sophistication factors			
	GCI Score (Rank)		Score (Rank)		Institutions	Infrastructure	Macroeconomy	Health & primary education	Score (Rank)		Higher education & training	Goods market efficiency	Labor market efficiency	Financial market sophistication	Technological readiness	Market size	Score (Rank)		Business sophistication	Innovation
Austria	5.13	(17)	5.70	(13)	5.55	5.89	5.22	6.14	4.98	(19)	5.19	5.14	4.71	4.85	5.39	4.62	5.00	(11)	5.54	4.46
Belgium	5.09	(18)	5.43	(20)	4.98	5.58	4.74	6.43	5.04	(18)	5.52	5.11	4.66	4.86	5.26	4.83	4.95	(13)	5.28	4.62
Bulgaria	4.02	(76)	4.13	(80)	3.19	2.88	4.93	5.54	4.08	(62)	4.11	4.02	4.51	4.09	3.82	3.94	3.29	(89)	3.68	2.90
Cyprus	4.57	(34)	5.43	(21)	5.03	5.22	5.15	6.32	4.45	(41)	4.81	4.87	4.62	5.00	4.50	4.50	4.18	(32)	4.67	3.68
Czech Republic	4.67	(31)	4.78	(45)	3.93	4.27	4.99	5.94	4.78	(24)	5.05	4.82	4.88	4.64	4.75	4.51	4.40	(26)	4.80	4.01
Denmark	5.46	(5)	5.98	(4)	6.08	5.83	5.71	6.31	5.37	(6)	5.90	5.21	5.53	5.31	5.92	4.32	5.28	(7)	5.51	5.04
Estonia	4.56	(35)	5.10	(34)	4.85	4.67	4.90	5.98	4.69	(27)	5.11	4.81	4.86	4.82	5.49	3.08	3.98	(42)	4.31	3.64
Finland	5.43	(6)	6.04	(1)	6.05	5.87	5.78	6.46	5.17	(12)	5.97	4.98	5.85	5.33	5.64	4.23	5.47	(6)	5.40	5.53
France	5.13	(16)	5.60	(15)	4.95	6.52	4.72	6.22	5.08	(16)	5.30	4.86	4.39	4.95	5.24	5.78	4.90	(15)	5.30	4.50
Germany	5.37	(7)	5.85	(8)	5.50	6.59	5.28	6.01	5.12	(14)	5.07	5.01	4.33	4.68	5.63	6.02	5.47	(5)	5.82	5.11
Greece	4.04	(71)	4.49	(56)	3.83	4.31	4.02	5.81	4.13	(57)	4.43	4.09	3.80	4.02	3.86	4.59	3.59	(66)	4.04	3.14
Hungary	4.22	(58)	4.48	(58)	3.77	4.04	4.50	5.59	4.38	(45)	4.63	4.22	4.43	4.20	4.44	4.35	3.67	(61)	3.89	3.45
Ireland	4.84	(25)	5.06	(37)	5.21	4.19	4.63	6.23	4.87	(22)	5.12	5.09	4.86	4.60	5.27	4.26	4.63	(20)	4.97	4.29
Italy	4.31	(48)	4.38	(67)	3.44	3.99	4.11	5.99	4.37	(46)	4.35	4.22	3.74	3.76	4.50	5.67	4.15	(34)	4.92	3.38
Latvia	4.06	(68)	4.45	(60)	3.91	4.04	4.20	5.66	4.21	(51)	4.66	4.29	4.70	4.32	4.00	3.27	3.36	(86)	3.79	2.94
Lithuania	4.30	(53)	4.68	(47)	4.00	4.44	4.72	5.57	4.33	(47)	4.76	4.26	4.64	4.16	4.54	3.63	3.75	(53)	4.22	3.28
Luxembourg	4.96	(21)	5.85	(7)	5.88	5.56	5.95	6.01	4.84	(23)	4.51	5.38	4.67	5.31	5.91	3.25	4.58	(22)	4.85	4.31
Malta	4.30	(52)	4.97	(41)	4.82	4.60	4.52	5.94	4.31	(48)	4.59	4.53	4.11	5.16	5.07	2.41	3.83	(48)	4.33	3.33
Netherlands	5.32	(10)	5.71	(12)	5.66	5.74	5.21	6.22	5.26	(10)	5.49	5.24	4.81	4.90	6.02	5.12	5.17	(9)	5.54	4.79
Poland	4.33	(46)	4.30	(71)	3.90	2.88	4.56	5.88	4.56	(31)	4.82	4.34	4.54	4.61	3.97	5.07	3.84	(46)	4.35	3.33
Portugal	4.40	(43)	5.05	(39)	4.49	5.23	4.52	5.95	4.40	(43)	4.58	4.39	4.04	4.26	4.73	4.40	3.98	(41)	4.28	3.69
Romania	4.11	(64)	4.10	(86)	3.68	2.67	4.55	5.50	4.25	(49)	4.30	4.24	4.29	4.40	3.79	4.49	3.44	(75)	3.79	3.10
Slovak Republic	4.31	(47)	4.61	(54)	3.74	3.89	5.14	5.68	4.55	(34)	4.37	4.67	4.78	4.82	4.61	4.05	3.71	(57)	4.29	3.12
Slovenia	4.55	(37)	5.18	(29)	4.47	4.84	5.32	6.10	4.49	(37)	5.16	4.60	4.48	4.49	4.67	3.56	4.23	(30)	4.64	3.83
Spain	4.59	(33)	5.06	(38)	4.38	5.36	4.68	5.82	4.66	(29)	4.69	4.45	4.08	4.47	4.77	5.52	4.14	(35)	4.74	3.55
Sweden	5.51	(4)	5.96	(5)	6.10	5.82	5.70	6.22	5.31	(7)	5.67	5.27	4.91	5.17	6.15	4.63	5.53	(4)	5.66	5.39
United Kingdom	5.19	(13)	5.29	(26)	5.07	5.43	4.60	6.07	5.31	(8)	5.17	4.97	5.22	4.87	5.79	5.82	4.92	(14)	5.24	4.60
EU27	4.69		5.10		4.68	4.83	4.90	5.98	4.70		4.94	4.71	4.61	4.67	4.95	4.44	4.35		4.74	3.96

Best
PerformanceWorst
Performance

Source: World Economic Forum

Table 1.7 Global Competitiveness Index 2010-2011, EU27

	Overall Index		Basic requirements						Efficiency enhancers								Innovation & sophistication factors			
	GCI Score (Rank)		Score (Rank)		Institutions	Infrastructure	Macroeconomy	Health & primary education	Score (Rank)		Higher education & training	Goods market efficiency	Labor market efficiency	Financial market development	Technological readiness	Market size	Score (Rank)		Business sophistication	Innovation
Austria	5.09	(18)	5.67	(15)	5.42	5.56	5.30	6.41	4.93	(19)	5.38	5.00	4.75	4.74	5.09	4.59	4.97	(13)	5.46	4.48
Belgium	5.07	(19)	5.45	(22)	4.98	5.53	4.56	6.75	5.01	(17)	5.71	5.08	4.64	4.64	5.22	4.77	4.91	(15)	5.24	4.59
Bulgaria	4.13	(71)	4.43	(72)	3.29	3.57	5.00	5.85	4.07	(65)	4.14	4.00	4.51	3.95	4.01	3.79	3.22	(95)	3.52	2.91
Cyprus	4.50	(40)	5.28	(29)	4.91	5.10	4.60	6.50	4.46	(36)	4.91	4.97	4.64	5.01	4.40	2.82	4.07	(36)	4.47	3.66
Czech Republic	4.57	(36)	4.91	(44)	3.86	4.78	4.90	6.10	4.66	(28)	5.11	4.58	4.75	4.49	4.55	4.47	4.19	(30)	4.47	3.92
Denmark	5.32	(9)	5.86	(7)	5.84	5.69	5.56	6.36	5.20	(9)	5.84	5.10	5.47	4.94	5.62	4.25	5.15	(9)	5.41	4.89
Estonia	4.61	(33)	5.38	(25)	4.91	4.94	5.40	6.26	4.52	(34)	5.17	4.71	4.91	4.50	4.94	2.89	3.90	(45)	4.13	3.68
Finland	5.37	(7)	5.97	(5)	5.96	5.59	5.58	6.75	5.09	(14)	6.06	4.92	4.85	5.38	5.17	4.15	5.43	(6)	5.29	5.56
France	5.13	(15)	5.67	(16)	5.04	6.24	4.98	6.42	5.09	(15)	5.36	4.69	4.47	4.96	5.28	5.76	4.83	(16)	5.18	4.48
Germany	5.39	(5)	5.89	(6)	5.50	6.43	5.32	6.32	5.11	(13)	5.33	4.97	4.40	4.62	5.36	6.01	5.51	(5)	5.82	5.19
Greece	3.99	(83)	4.49	(67)	3.67	4.57	3.61	6.13	4.12	(59)	4.67	3.91	3.71	3.88	4.06	4.52	3.41	(73)	3.83	3.00
Hungary	4.33	(52)	4.65	(59)	3.76	4.36	4.59	5.87	4.38	(41)	4.81	4.16	4.46	4.16	4.41	4.27	3.71	(51)	3.87	3.55
Ireland	4.74	(29)	5.18	(35)	5.14	4.80	4.26	6.51	4.68	(25)	5.17	4.09	4.87	3.79	4.99	4.20	4.55	(21)	4.85	4.25
Italy	4.37	(48)	4.84	(46)	3.58	4.94	4.52	6.30	4.33	(45)	4.60	4.16	3.81	3.70	4.12	5.63	4.11	(32)	4.81	3.40
Latvia	4.14	(70)	4.60	(61)	3.79	4.26	4.47	5.88	4.08	(63)	4.81	4.13	4.58	3.98	3.96	3.04	3.37	(77)	3.73	3.02
Lithuania	4.38	(47)	4.77	(52)	3.99	4.56	4.56	5.95	4.28	(49)	5.07	4.12	4.61	3.95	4.51	3.45	3.79	(48)	4.21	3.38
Luxembourg	5.05	(20)	5.81	(10)	5.73	5.56	5.67	6.29	4.92	(20)	4.68	5.49	4.71	5.35	6.11	3.16	4.76	(19)	4.98	4.53
Malta	4.34	(50)	5.08	(40)	4.83	4.45	4.82	6.23	4.31	(47)	4.79	4.58	4.10	5.22	4.85	2.31	3.88	(46)	4.34	3.43
Netherlands	5.33	(8)	5.82	(9)	5.54	5.93	5.29	6.53	5.24	(8)	5.63	5.17	4.83	4.71	5.99	5.10	5.16	(8)	5.55	4.77
Poland	4.51	(39)	4.69	(56)	4.18	3.76	4.70	6.13	4.62	(30)	5.00	4.38	4.58	4.66	4.02	5.08	3.76	(50)	4.20	3.31
Portugal	4.38	(46)	5.01	(42)	4.37	5.30	4.26	6.13	4.36	(43)	4.76	4.32	3.85	4.26	4.63	4.34	3.98	(39)	4.19	3.77
Romania	4.16	(67)	4.36	(77)	3.74	3.44	4.50	5.77	4.18	(54)	4.47	4.08	4.32	4.01	3.82	4.41	3.24	(91)	3.55	2.94
Slovak Republic	4.25	(60)	4.77	(53)	3.60	4.19	5.20	6.07	4.43	(37)	4.49	4.34	4.66	4.61	4.48	3.97	3.54	(63)	4.12	2.95
Slovenia	4.42	(45)	5.18	(34)	4.37	4.83	5.19	6.33	4.33	(46)	5.27	4.52	4.26	4.02	4.45	3.45	4.08	(35)	4.42	3.73
Spain	4.49	(42)	5.13	(38)	4.25	5.67	4.60	6.01	4.56	(32)	4.85	4.20	3.88	4.28	4.64	5.47	3.96	(41)	4.46	3.47
Sweden	5.56	(2)	5.98	(4)	6.12	5.67	5.61	6.41	5.32	(5)	5.90	5.30	4.89	5.15	6.12	4.58	5.67	(3)	5.88	5.45
United Kingdom	5.25	(12)	5.58	(18)	5.28	5.88	4.76	6.40	5.28	(7)	5.34	4.96	5.29	4.73	5.58	5.80	4.98	(12)	5.32	4.65
EU27	4.70		5.20		4.65	5.02	4.88	6.25	4.65		5.09	4.59	4.55	4.51	4.83	4.31	4.30		4.64	3.96

Best
PerformanceWorst
Performance

Source: World Economic Forum

Table 1.8 Global Competitiveness Index 2011-2012, EU27

	Overall Index		Basic requirements						Efficiency enhancers								Innovation & sophistication factors			
	GCI Score (Rank)		Score (Rank)		Institutions	Infrastructure	Macroeconomy	Health & primary education	Score (Rank)		Higher education & training	Goods market efficiency	Labor market efficiency	Financial market development	Technological readiness	Market size	Score (Rank)		Business sophistication	Innovation
Austria	5.14	(19)	5.65	(18)	5.24	5.64	5.39	6.32	4.94	(19)	5.38	4.89	4.76	4.64	5.40	4.58	5.12	(13)	5.46	4.79
Belgium	5.20	(15)	5.58	(22)	5.03	5.65	4.90	6.75	5.13	(15)	5.75	5.06	4.61	4.76	5.80	4.78	5.06	(14)	5.30	4.83
Bulgaria	4.16	(74)	4.46	(74)	3.32	3.62	5.13	5.80	4.10	(59)	4.16	4.08	4.49	3.99	4.11	3.80	3.24	(96)	3.55	2.94
Cyprus	4.36	(47)	5.26	(32)	4.76	5.01	4.81	6.45	4.32	(46)	4.70	4.78	4.44	4.83	4.36	2.83	3.83	(48)	4.19	3.48
Czech Republic	4.52	(38)	4.90	(45)	3.65	4.87	5.17	5.91	4.63	(29)	4.95	4.58	4.62	4.31	4.82	4.48	4.09	(32)	4.42	3.77
Denmark	5.40	(8)	5.86	(8)	5.94	5.89	5.39	6.24	5.27	(9)	5.75	5.06	5.39	5.01	6.20	4.21	5.31	(8)	5.53	5.10
Estonia	4.62	(33)	5.41	(27)	4.99	4.71	5.71	6.26	4.52	(36)	5.15	4.74	4.92	4.51	4.95	2.89	3.98	(37)	4.16	3.81
Finland	5.47	(4)	6.02	(5)	5.98	5.62	5.71	6.76	5.19	(10)	6.09	4.89	4.94	5.34	5.75	4.15	5.56	(4)	5.40	5.72
France	5.14	(18)	5.57	(23)	5.00	6.30	4.60	6.37	5.09	(17)	5.24	4.56	4.38	5.00	5.63	5.74	4.93	(17)	5.14	4.72
Germany	5.41	(6)	5.83	(11)	5.27	6.35	5.43	6.27	5.18	(13)	5.73	4.79	4.41	4.54	5.61	6.00	5.53	(5)	5.66	5.39
Greece	3.92	(90)	4.36	(80)	3.52	4.54	3.29	6.09	4.06	(65)	4.66	3.88	3.63	3.52	4.21	4.42	3.39	(81)	3.79	2.98
Hungary	4.36	(48)	4.72	(55)	3.79	4.52	4.77	5.81	4.39	(42)	4.66	4.32	4.38	4.15	4.55	4.24	3.75	(52)	3.88	3.62
Ireland	4.77	(29)	5.20	(37)	5.19	5.12	4.01	6.49	4.67	(28)	5.15	5.10	4.90	3.44	5.34	4.12	4.65	(23)	4.93	4.37
Italy	4.43	(43)	4.84	(47)	3.61	5.01	4.47	6.28	4.41	(40)	4.69	4.30	3.77	3.73	4.34	5.62	4.18	(30)	4.85	3.51
Latvia	4.24	(64)	4.60	(66)	3.87	4.12	4.46	5.94	4.20	(54)	4.84	4.28	4.59	4.17	4.26	3.05	3.53	(64)	3.84	3.21
Lithuania	4.41	(44)	4.82	(49)	3.94	4.64	4.71	5.99	4.31	(48)	5.08	4.25	4.53	3.86	4.70	3.46	3.78	(50)	4.13	3.43
Luxembourg	5.03	(23)	5.90	(6)	5.67	5.61	6.04	6.26	4.86	(23)	4.69	5.44	4.63	5.34	6.00	3.04	4.75	(20)	4.98	4.52
Malta	4.33	(51)	5.12	(40)	4.69	4.52	5.04	6.22	4.32	(47)	4.81	4.61	3.99	5.11	5.05	2.33	3.83	(49)	4.28	3.38
Netherlands	5.41	(7)	5.88	(7)	5.61	6.02	5.34	6.54	5.29	(8)	5.66	5.17	4.84	4.86	6.13	5.10	5.30	(9)	5.58	5.03
Poland	4.46	(41)	4.70	(56)	4.17	3.87	4.71	6.06	4.61	(30)	4.95	4.36	4.48	4.60	4.18	5.08	3.64	(57)	4.06	3.23
Portugal	4.40	(45)	5.00	(44)	4.20	5.48	4.21	6.12	4.42	(39)	4.82	4.27	3.79	3.98	5.31	4.35	3.98	(38)	4.19	3.77
Romania	4.08	(77)	4.28	(89)	3.49	3.37	4.52	5.72	4.09	(62)	4.42	3.96	4.10	3.91	3.76	4.39	3.20	(99)	3.48	2.91
Slovak Republic	4.19	(69)	4.66	(60)	3.46	4.23	4.92	6.04	4.38	(44)	4.50	4.36	4.47	4.44	4.54	3.99	3.46	(71)	4.00	2.91
Slovenia	4.30	(57)	5.12	(39)	4.08	4.81	5.34	6.26	4.33	(46)	5.27	4.52	4.26	4.02	4.45	3.45	4.08	(35)	4.42	3.73
Spain	4.54	(36)	5.18	(38)	4.27	5.83	4.60	6.04	4.58	(32)	4.90	4.23	3.84	4.14	4.95	5.44	4.03	(33)	4.51	3.55
Sweden	5.61	(3)	6.06	(4)	6.06	5.74	6.08	6.35	5.33	(7)	5.81	5.21	4.82	5.24	6.29	4.59	5.79	(2)	5.83	5.76
United Kingdom	5.39	(10)	5.60	(21)	5.34	6.09	4.54	6.42	5.43	(5)	5.47	4.97	5.36	4.94	6.08	5.77	5.17	(12)	5.41	4.94
EU27	4.71		5.21		4.60	5.08	4.94	6.21	4.67		5.08	4.62	4.49	4.46	5.06	4.29	4.34		4.63	4.05

Best Performance

Worst Performance

Source: World Economic Forum

Table 2. Global Competitiveness Index 2004-2012, BS10

	2004-2005		2005-2006		2006-2007		2007-2008		2008-2009		2009-2010		2010-2011		2011-2012	
	GCI Score (Rank)		GCI Score (Rank)		GCI Score (Rank)		GCI Score (Rank)		GCI Score (Rank)		GCI Score (Rank)		GCI Score (Rank)		GCI Score (Rank)	
Armenia	-	-	3.44	(79)	3.75	(82)	3.76	(93)	3.73	(97)	3.71	(97)	3.76	(98)	3.89	(92)
Azerbaijan	-	-	3.64	(69)	4.06	(64)	4.07	(66)	4.10	(69)	4.30	(51)	4.29	(57)	4.31	(55)
Bulgaria	3.98	(59)	3.83	(58)	3.96	(72)	3.93	(79)	4.03	(76)	4.02	(76)	4.13	(71)	4.16	(74)
Georgia	3.14	(94)	3.25	(86)	3.73	(85)	3.83	(90)	3.86	(90)	3.81	(90)	3.86	(93)	3.95	(88)
Greece	4.56	(37)	4.26	(46)	4.33	(47)	4.08	(65)	4.11	(67)	4.04	(71)	3.99	(83)	3.92	(90)
Moldova	-	-	3.37	(82)	3.71	(86)	3.64	(97)	3.75	(95)	-	-	3.86	(94)	3.89	(93)
Romania	3.86	(63)	3.67	(67)	4.02	(68)	3.97	(74)	4.10	(68)	4.11	(64)	4.16	(67)	4.08	(77)
Russian Federation	3.68	(70)	3.53	(75)	4.08	(62)	4.19	(58)	4.31	(51)	4.15	(63)	4.24	(63)	4.21	(66)
Turkey	3.82	(66)	3.68	(66)	4.14	(59)	4.25	(53)	4.15	(63)	4.16	(61)	4.25	(61)	4.28	(59)
Ukraine	3.27	(86)	3.30	(84)	3.89	(78)	3.98	(73)	4.09	(72)	3.95	(82)	3.90	(89)	4.00	(82)
BS10	3.76		3.60		3.97		3.97		4.02		4.03		4.04		4.07	



Best Performance



Worst Performance

Source: World Economic Forum

Table 2.1 Global Competitiveness Index 2004-2005, BS10

	GCI Score (Rank)		Public Institutions Index (Rank)		Macroeconomic Environment Index (Rank)		Technology Index (Rank)	
Armenia	-	-	-	-	-	-	-	-
Azerbaijan	-	-	-	-	-	-	-	-
Bulgaria	3.98	(59)	4.36	(56)	3.77	(60)	3.82	(59)
Georgia	3.14	(94)	3.17	(101)	3.07	(92)	3.18	(80)
Greece	4.56	(37)	4.74	(44)	4.52	(31)	4.42	(38)
Moldova	-	-	-	-	-	-	-	-
Romania	3.86	(63)	3.94	(74)	3.50	(71)	4.13	(47)
Russian Federation	3.68	(70)	3.54	(89)	3.87	(56)	3.65	(67)
Turkey	3.82	(66)	4.22	(62)	3.22	(84)	4.01	(52)
Ukraine	3.27	(86)	3.29	(97)	3.39	(76)	3.15	(83)
BS10	3.76		3.89		3.62		3.76	

**Best
Performance**

**Worst
Performance**

Source: World Economic Forum

Table 2.2 Global Competitiveness Index 2005-2006, BS10

	GCI Score (Rank)		Public Institutions Index (Rank)		Macroeconomic Environment Index (Rank)		Technology Index (Rank)	
Armenia	3.44	(79)	4.11	(66)	3.53	(77)	2.69	(94)
Azerbaijan	3.64	(69)	4.09	(67)	4.05	(56)	2.79	(87)
Bulgaria	3.83	(58)	4.23	(62)	3.95	(62)	3.31	(61)
Georgia	3.25	(86)	3.65	(87)	3.25	(90)	2.84	(84)
Greece	4.26	(46)	4.77	(43)	4.16	(51)	3.85	(37)
Moldova	3.37	(82)	4.20	(63)	3.14	(96)	2.76	(89)
Romania	3.67	(67)	3.84	(78)	3.65	(73)	3.53	(49)
Russian Federation	3.53	(75)	3.55	(91)	4.02	(58)	3.01	(73)
Turkey	3.68	(66)	4.25	(61)	3.34	(87)	3.45	(53)
Ukraine	3.30	(84)	3.56	(90)	3.52	(78)	2.82	(85)
BS10	3.60		4.02		3.66		3.10	

**Best
Performance**

**Worst
Performance**

Source: World Economic Forum

Table 2.3 Global Competitiveness Index 2006-2007, BS10

	Overall Index		Basic requirements										Efficiency enhancers								Innovation factors					
	GCI Score (Rank)		Score (Rank)		Institutions (Rank)		Infrastructure (Rank)		Macroeconomy (Rank)		Health & primary education (Rank)		Score (Rank)		Higher education & training (Rank)		Market efficiency (Rank)		Technological readiness (Rank)		Score (Rank)		Business sophistication (Rank)		Innovation (Rank)	
Armenia	3.75	(82)	4.21	(81)	3.44	(84)	2.66	(92)	4.33	(71)	6.40	(62)	3.33	(88)	3.58	(80)	3.60	(104)	2.81	(86)	3.17	(93)	3.34	(104)	3.00	(84)
Azerbaijan	4.06	(64)	4.59	(56)	3.63	(72)	3.67	(56)	5.30	(17)	5.76	(96)	3.52	(78)	3.56	(82)	3.96	(81)	3.03	(76)	3.59	(70)	3.92	(70)	3.26	(63)
Bulgaria	3.96	(72)	4.50	(62)	3.07	(109)	3.41	(65)	4.92	(35)	6.61	(39)	3.67	(70)	4.05	(62)	3.75	(90)	3.21	(68)	3.26	(85)	3.59	(84)	2.93	(87)
Georgia	3.73	(85)	4.20	(82)	3.51	(78)	2.87	(79)	4.02	(93)	6.40	(61)	3.36	(87)	3.69	(76)	3.86	(86)	2.54	(106)	2.86	(113)	3.02	(116)	2.71	(102)
Greece	4.33	(47)	4.96	(40)	4.36	(41)	4.71	(29)	3.86	(102)	6.92	(11)	4.18	(47)	4.78	(34)	4.17	(62)	3.58	(50)	3.89	(45)	4.35	(46)	3.43	(47)
Moldova	3.71	(86)	4.09	(88)	3.18	(101)	2.77	(85)	4.41	(67)	6.01	(92)	3.38	(85)	3.78	(73)	3.73	(92)	2.62	(96)	3.09	(98)	3.46	(93)	2.72	(100)
Romania	4.02	(68)	4.19	(83)	3.40	(87)	3.05	(77)	3.94	(97)	6.38	(69)	3.99	(55)	4.34	(50)	4.03	(76)	3.59	(49)	3.52	(73)	3.89	(73)	3.14	(68)
Russian Federation	4.08	(62)	4.43	(66)	2.97	(114)	3.52	(61)	4.95	(33)	6.29	(77)	3.91	(60)	4.44	(43)	4.20	(60)	3.10	(74)	3.55	(71)	3.83	(77)	3.28	(59)
Turkey	4.14	(59)	4.34	(72)	4.05	(51)	3.46	(63)	3.58	(111)	6.28	(78)	4.02	(54)	4.15	(57)	4.35	(47)	3.56	(52)	3.96	(42)	4.58	(39)	3.35	(51)
Ukraine	3.89	(78)	4.15	(86)	3.14	(104)	3.30	(69)	4.27	(74)	5.88	(94)	3.68	(69)	4.35	(48)	3.96	(80)	2.71	(90)	3.47	(78)	3.84	(76)	3.11	(73)
BS10	3.97		4.37		3.47		3.34		4.36		6.29		3.70		4.07		3.96		3.07		3.44		3.78		3.09	

Best Performance

Worst Performance

Source: World Economic Forum

Table 2.4 Global Competitiveness Index 2007-2008, BS10

	Overall Index		Basic requirements										Efficiency enhancers										Innovation & sophistication factors									
			GCI Score (Rank)		Score (Rank)		Institutions (Rank)		Infrastructure (Rank)		Macroeconomic environment (Rank)		Health & primary education (Rank)		Score (Rank)		Higher education & training (Rank)		Goods market efficiency (Rank)		Labor market efficiency (Rank)		Financial market development (Rank)		Technological readiness (Rank)		Market size (Rank)		Score (Rank)		Business sophistication (Rank)	
Armenia	3.76	(93)	4.05	(91)	3.40	(96)	2.85	(87)	4.98	(57)	4.96	(99)	3.36	(101)	3.35	(95)	3.71	(104)	4.54	(40)	3.59	(110)	2.55	(104)	2.42	(111)	3.06	(103)	3.26	(115)	2.87	(94)
Azerbaijan	4.07	(66)	4.41	(65)	3.64	(83)	3.58	(60)	5.69	(23)	4.73	(103)	3.65	(84)	3.51	(89)	3.82	(95)	4.48	(46)	3.88	(91)	2.92	(83)	3.29	(71)	3.60	(68)	3.84	(80)	3.36	(54)
Bulgaria	3.93	(79)	4.22	(76)	3.22	(109)	2.91	(84)	5.16	(47)	5.57	(56)	3.83	(72)	3.99	(66)	3.89	(90)	4.25	(73)	4.09	(74)	3.11	(65)	3.66	(61)	3.26	(91)	3.57	(92)	2.96	(88)
Georgia	3.83	(90)	4.07	(87)	3.62	(86)	2.92	(83)	4.49	(93)	5.26	(82)	3.55	(90)	3.59	(86)	3.95	(83)	4.75	(28)	3.98	(84)	2.56	(103)	2.49	(108)	2.90	(119)	3.14	(123)	2.65	(110)
Greece	4.08	(65)	4.70	(48)	4.31	(49)	4.38	(35)	4.29	(106)	5.83	(42)	4.07	(57)	4.44	(39)	4.24	(60)	3.69	(120)	4.41	(60)	3.29	(58)	4.33	(39)	3.68	(59)	4.13	(62)	3.23	(63)
Moldova	3.64	(97)	3.87	(96)	3.30	(105)	2.45	(107)	4.56	(92)	5.17	(85)	3.36	(102)	3.66	(81)	3.69	(107)	4.28	(68)	3.68	(101)	2.51	(108)	2.31	(114)	2.87	(122)	3.12	(124)	2.62	(112)
Romania	3.97	(74)	4.07	(88)	3.44	(94)	2.57	(100)	4.64	(84)	5.62	(52)	3.98	(62)	4.14	(54)	4.04	(74)	4.13	(85)	4.05	(78)	3.29	(59)	4.23	(43)	3.54	(73)	3.99	(73)	3.09	(76)
Russian Federation	4.19	(58)	4.36	(68)	3.10	(116)	3.48	(65)	5.35	(37)	5.51	(60)	4.19	(48)	4.33	(45)	3.94	(84)	4.70	(33)	3.60	(109)	3.03	(72)	5.54	(9)	3.50	(77)	3.70	(88)	3.31	(57)
Turkey	4.25	(53)	4.44	(63)	4.13	(55)	3.68	(59)	4.66	(83)	5.31	(77)	4.16	(51)	4.05	(60)	4.54	(43)	3.60	(126)	4.40	(61)	3.39	(53)	4.97	(18)	3.90	(48)	4.45	(41)	3.36	(53)
Ukraine	3.98	(73)	4.06	(90)	3.12	(115)	3.09	(77)	4.67	(82)	5.37	(74)	3.93	(66)	4.20	(53)	3.74	(101)	4.30	(65)	3.96	(85)	2.75	(93)	4.62	(26)	3.52	(75)	3.83	(81)	3.22	(65)
BS10	3.97		4.22		3.53		3.20		4.85		5.33		3.81		3.93		3.96		4.27		3.96		2.94		3.79		3.38		3.70		3.10	

Best Performance

Worst Performance

Source: World Economic Forum

Table 2.5 Global Competitiveness Index 2008-2009, BS10

	Overall Index		Basic requirements										Efficiency enhancers												Innovation & sophistication factors							
	GCI Score (Rank)		Score (Rank)		Insitutions (Rank)		Infrastructure (Rank)		Macroeconomic environment (Rank)		Health & primary education (Rank)		Score (Rank)		Higher education & training (Rank)		Goods market efficiency (Rank)		Labor market efficiency (Rank)		Financial market development		Technological readiness (Rank)		Market size (Rank)		Score (Rank)		Business sophistication (Rank)		Innovation (Rank)	
Armenia	3.73	(97)	4.04	(93)	3.50	(96)	2.87	(90)	4.73	(83)	5.06	(97)	3.41	(103)	3.43	(94)	3.75	(110)	4.57	(45)	3.68	(107)	2.56	(112)	2.48	(111)	3.03	(113)	3.30	(120)	2.77	(106)
Azerbaijan	4.10	(69)	4.45	(62)	4.05	(62)	3.70	(61)	5.35	(45)	4.72	(102)	3.82	(79)	3.76	(80)	3.96	(89)	4.70	(34)	3.89	(92)	3.23	(72)	3.37	(73)	3.72	(57)	3.91	(81)	3.53	(40)
Bulgaria	4.03	(76)	4.20	(82)	3.28	(111)	2.79	(95)	5.21	(54)	5.53	(68)	4.05	(65)	4.09	(61)	4.11	(77)	4.42	(60)	4.18	(74)	3.65	(53)	3.83	(58)	3.30	(92)	3.69	(92)	2.91	(96)
Georgia	3.86	(90)	4.07	(91)	3.89	(69)	3.23	(77)	4.02	(118)	5.14	(91)	3.72	(87)	3.72	(84)	4.17	(71)	4.83	(22)	4.06	(79)	2.80	(97)	2.72	(102)	3.07	(109)	3.39	(112)	2.74	(107)
Greece	4.11	(67)	4.66	(51)	4.10	(58)	4.28	(45)	4.37	(106)	5.89	(40)	4.16	(57)	4.52	(38)	4.22	(64)	3.89	(116)	4.29	(67)	3.50	(59)	4.52	(33)	3.65	(68)	4.13	(66)	3.18	(63)
Moldova	3.75	(95)	3.99	(95)	3.55	(92)	2.43	(113)	4.79	(80)	5.19	(89)	3.48	(98)	3.62	(88)	3.84	(105)	4.45	(55)	3.69	(104)	2.85	(95)	2.42	(114)	2.83	(128)	3.05	(131)	2.61	(116)
Romania	4.10	(68)	4.15	(87)	3.63	(89)	2.56	(105)	4.85	(76)	5.55	(66)	4.18	(54)	4.29	(52)	4.18	(67)	4.10	(97)	4.42	(60)	3.70	(48)	4.38	(42)	3.53	(75)	3.93	(78)	3.14	(69)
Russian Federation	4.31	(51)	4.54	(56)	3.29	(110)	3.75	(59)	5.55	(29)	5.59	(59)	4.29	(50)	4.40	(46)	3.90	(99)	4.74	(27)	3.60	(112)	3.36	(67)	5.71	(8)	3.56	(73)	3.70	(91)	3.41	(48)
Turkey	4.15	(63)	4.34	(72)	3.72	(80)	3.54	(66)	4.79	(79)	5.33	(78)	4.10	(59)	3.87	(72)	4.38	(55)	3.57	(125)	4.11	(76)	3.53	(58)	5.16	(15)	3.70	(63)	4.23	(60)	3.16	(66)
Ukraine	4.09	(72)	4.15	(86)	3.26	(115)	3.13	(79)	4.62	(91)	5.59	(60)	4.12	(58)	4.46	(43)	3.87	(103)	4.47	(54)	4.00	(85)	3.38	(65)	4.56	(31)	3.66	(66)	3.91	(80)	3.40	(52)
BS10	4.02		4.26		3.63		3.23		4.83		5.36		3.93		4.02		4.04		4.37		3.99		3.26		3.91		3.40		3.72		3.08	

Best
Performance

Worst
Performance

Source: World Economic Forum

Table 2.6 Global Competitiveness Index 2009-2010, BS10

	Overall Index		Basic requirements										Efficiency enhancers												Innovation & sophistication factors							
	GCI Score (Rank)		Score (Rank)		Institutions (Rank)		Infrastructure (Rank)		Macroeconomic environment (Rank)		Health & primary education (Rank)		Score (Rank)		Higher education & training (Rank)		Goods market efficiency (Rank)		Labor market efficiency (Rank)		Financial market development		Technological readiness (Rank)		Market size (Rank)		Score (Rank)		Business sophistication (Rank)		Innovation (Rank)	
Armenia	3.71	(97)	4.13	(81)	3.49	(95)	3.25	(81)	4.78	(53)	5.00	(97)	3.51	(99)	3.46	(96)	3.65	(116)	4.61	(47)	3.79	(97)	2.85	(106)	2.89	(109)	3.03	(112)	3.35	(112)	2.71	(108)
Azerbaijan	4.30	(51)	4.63	(50)	4.15	55	4.03	(58)	5.30	(27)	5.04	(96)	4.03	(71)	3.88	(72)	4.16	(71)	5.07	(13)	4.23	(66)	3.41	(75)	3.39	(78)	3.71	(56)	3.90	(74)	3.53	(42)
Bulgaria	4.02	(76)	4.13	(80)	3.19	(116)	2.88	(102)	4.93	(45)	5.54	(58)	4.08	(62)	4.11	(60)	4.02	(81)	4.52	(54)	4.09	(76)	3.82	(56)	3.94	(58)	3.29	(89)	3.68	(89)	2.90	(91)
Georgia	3.81	(90)	4.10	(85)	3.82	(72)	3.60	(72)	3.73	(117)	5.26	(78)	3.73	(89)	3.70	(84)	4.09	(74)	4.94	(17)	3.84	(95)	2.92	(100)	2.89	(101)	2.94	(117)	3.33	(113)	2.56	(119)
Greece	4.04	(71)	4.49	(56)	3.83	(70)	4.31	(47)	4.02	(103)	5.81	(41)	4.13	(57)	4.43	(43)	4.09	(75)	3.80	(116)	4.02	(83)	3.86	(53)	4.59	(34)	3.59	(66)	4.04	(64)	3.14	(65)
Moldova	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Romania	4.11	(64)	4.10	(86)	3.68	(84)	2.67	(110)	4.55	(75)	5.50	(63)	4.25	(49)	4.30	(52)	4.24	(61)	4.29	(79)	4.40	(56)	3.79	(58)	4.49	(41)	3.44	(75)	3.79	(83)	3.10	(70)
Russian Federation	4.15	(63)	4.43	(64)	3.23	(114)	3.62	(71)	5.24	(36)	5.65	(51)	4.20	(52)	4.30	(51)	3.75	(108)	4.67	(43)	3.27	(119)	3.45	(74)	5.78	(7)	3.47	(73)	3.59	(95)	3.35	(51)
Turkey	4.16	(61)	4.34	(69)	3.49	(96)	3.92	(62)	4.66	(64)	5.32	(74)	4.16	(54)	3.88	(73)	4.30	(56)	3.65	(120)	4.06	(80)	3.83	(54)	5.22	(15)	3.70	(58)	4.28	(52)	3.11	(69)
Ukraine	3.95	(82)	3.96	(94)	3.10	(120)	3.39	(78)	3.96	(106)	5.41	(68)	4.05	(68)	4.38	(46)	3.74	(109)	4.57	(49)	3.56	(106)	3.37	(80)	4.67	(29)	3.42	(80)	3.63	(91)	3.21	(62)
BS10	4.03		4.26		3.55		3.52		4.57		5.39		4.01		4.05		4.00		4.46		3.92		3.48		4.21		3.40		3.73		3.07	

Best
Performance

Worst
Performance

Source: World Economic Forum

Table 2.7 Global Competitiveness Index 2010-2011, BS10

	Overall Index		Basic requirements								Efficiency enhancers														Innovation & sophistication factors							
	GCI Score (Rank)		Score (Rank)		Institutions (Rank)		Infrastructure (Rank)		Macroeconomic environment (Rank)		Health & primary education (Rank)		Score (Rank)		Higher education & training (Rank)		Goods market efficiency (Rank)		Labor market efficiency (Rank)		Financial market development		Technological readiness (Rank)		Market size (Rank)		Score (Rank)		Business sophistication (Rank)		Innovation (Rank)	
Armenia	3.76	(98)	4.14	(94)	3.50	(97)	3.46	(90)	4.23	(99)	5.37	(93)	3.51	(106)	3.66	(91)	3.72	(113)	4.61	(47)	3.60	(110)	2.96	(108)	2.50	(116)	2.98	(114)	3.33	(109)	2.63	(116)
Azerbaijan	4.29	(57)	4.67	(58)	3.86	(71)	3.69	(76)	5.62	(13)	5.50	(83)	3.97	(75)	3.96	(77)	3.92	(93)	4.82	(25)	4.12	(71)	3.55	(70)	3.46	(76)	3.50	(66)	3.84	(72)	3.16	(61)
Bulgaria	4.13	(71)	4.43	(72)	3.29	(114)	3.57	(80)	5.00	(42)	5.85	(58)	4.07	(65)	4.14	(67)	4.00	(82)	4.51	(58)	3.95	(91)	4.01	(48)	3.79	(63)	3.22	(95)	3.52	(95)	2.91	(92)
Georgia	3.86	(93)	4.13	(95)	3.87	(69)	3.75	(73)	3.26	(130)	5.64	(73)	3.71	(94)	3.74	(90)	4.18	(64)	4.75	(31)	3.62	(108)	3.14	(98)	2.80	(107)	2.90	(121)	3.29	(111)	2.51	(125)
Greece	3.99	(83)	4.49	(67)	3.67	(84)	4.57	(42)	3.61	(123)	6.13	(40)	4.12	(59)	4.67	(42)	3.91	(94)	3.71	(125)	3.88	(93)	4.06	(46)	4.52	(39)	3.41	(73)	3.83	(74)	3.00	(79)
Moldova	3.86	(94)	4.10	(97)	3.43	(102)	3.18	(97)	4.31	(90)	5.50	(84)	3.59	(99)	3.95	(78)	3.83	(104)	4.41	(68)	3.68	(103)	3.28	(89)	2.40	(121)	2.89	(123)	3.28	(113)	2.49	(129)
Romania	4.16	(67)	4.36	(77)	3.74	(81)	3.44	(92)	4.50	(78)	5.77	(63)	4.18	(54)	4.47	(54)	4.08	(76)	4.32	(76)	4.01	(81)	3.82	(58)	4.41	(43)	3.24	(91)	3.55	(93)	2.94	(87)
Russian Federation	4.24	(63)	4.52	(65)	3.22	(118)	4.46	(47)	4.49	(79)	5.92	(53)	4.19	(53)	4.55	(50)	3.58	(123)	4.51	(57)	3.18	(125)	3.56	(69)	5.74	(8)	3.36	(80)	3.47	(101)	3.25	(57)
Turkey	4.25	(61)	4.49	(68)	3.61	(88)	4.21	(56)	4.47	(83)	5.65	(72)	4.18	(55)	4.04	(71)	4.21	(59)	3.57	(127)	4.23	(61)	3.85	(56)	5.17	(16)	3.63	(57)	4.16	(52)	3.10	(67)
Ukraine	3.90	(89)	3.92	(102)	2.96	(134)	3.83	(68)	3.20	(132)	5.70	(67)	3.98	(72)	4.61	(46)	3.53	(129)	4.54	(54)	3.31	(119)	3.37	(83)	4.53	(38)	3.30	(88)	3.48	(100)	3.11	(63)
BS10	4.04		4.32		3.51		3.82		4.27		5.70		3.95		4.18		3.90		4.37		3.76		3.56		3.93		3.24		3.57		2.91	

Best Performance

Worst Performance

Source: World Economic Forum

Table 2.8 Global Competitiveness Index 2011-2012, BS10

	Overall Index		Basic requirements										Efficiency enhancers												Innovation & sophistication factors							
	GCI Score (Rank)		Score (Rank)		Institutions (Rank)		Infrastructure (Rank)		Macroeconomic environment (Rank)		Health & primary education (Rank)		Score (Rank)		Higher education & training (Rank)		Goods market efficiency (Rank)		Labor market efficiency (Rank)		Financial market development		Technological readiness (Rank)		Market size (Rank)		Score (Rank)		Business sophistication (Rank)		Innovation (Rank)	
Armenia	3.89	(92)	4.24	(94)	3.65	(83)	3.75	(77)	4.19	(114)	5.37	(94)	3.73	(91)	4.01	(76)	3.88	(108)	4.71	(34)	3.76	(95)	3.43	(88)	2.57	(115)	3.09	(110)	3.43	(107)	2.74	(112)
Azerbaijan	4.31	(55)	4.68	(59)	3.84	(68)	3.87	(73)	5.89	(16)	5.12	(105)	3.99	(77)	4.01	(75)	4.12	(79)	4.95	(14)	3.76	(94)	3.60	(74)	3.50	(75)	3.51	(67)	3.81	(73)	3.20	(60)
Bulgaria	4.16	(74)	4.46	(74)	3.32	(110)	3.62	(87)	5.13	(46)	5.80	(57)	4.10	(59)	4.16	(70)	4.08	(86)	4.49	(56)	3.99	(75)	4.11	(50)	3.80	(64)	3.24	(96)	3.55	(96)	2.94	(93)
Georgia	3.95	(88)	4.32	(86)	3.97	(60)	3.95	(68)	3.65	(137)	5.70	(67)	3.74	(89)	3.87	(88)	4.16	(74)	4.74	(32)	3.68	(99)	3.23	(100)	2.80	(106)	3.01	(117)	3.39	(110)	2.62	(118)
Greece	3.92	(90)	4.36	(80)	3.52	(96)	4.54	(45)	3.29	(140)	6.09	(37)	4.06	(65)	4.66	(46)	3.88	(107)	3.63	(126)	3.52	(110)	4.21	(47)	4.42	(42)	3.39	(81)	3.79	(77)	2.98	(88)
Moldova	3.89	(93)	4.13	(102)	3.38	(106)	3.32	(96)	4.34	(103)	5.46	(86)	3.62	(103)	3.93	(83)	3.94	(98)	4.31	(75)	3.60	(105)	3.52	(78)	2.43	(122)	2.86	(127)	3.27	(117)	2.44	(128)
Romania	4.08	(77)	4.28	(89)	3.49	(99)	3.37	(95)	4.52	(87)	5.72	(66)	4.09	(62)	4.42	(55)	3.96	(96)	4.10	(92)	3.91	(84)	3.76	(60)	4.39	(44)	3.20	(99)	3.48	(102)	2.91	(95)
Russian Federation	4.21	(66)	4.61	(63)	3.08	(128)	4.52	(48)	5.16	(44)	5.70	(68)	4.19	(55)	4.54	(52)	3.60	(128)	4.40	(65)	3.21	(127)	3.66	(68)	5.73	(8)	3.24	(97)	3.34	(114)	3.14	(71)
Turkey	4.28	(59)	4.61	(64)	3.69	(80)	4.39	(51)	4.76	(69)	5.62	(75)	4.22	(52)	4.02	(74)	4.38	(47)	3.51	(133)	4.26	(55)	3.95	(55)	5.19	(17)	3.62	(58)	4.09	(58)	3.15	(69)
Ukraine	4.00	(82)	4.18	(98)	2.98	(131)	3.87	(71)	4.21	(112)	5.64	(74)	4.00	(74)	4.58	(51)	3.58	(129)	4.44	(61)	3.39	(116)	3.47	(82)	4.54	(38)	3.29	(93)	3.48	(103)	3.11	(74)
BS10	4.07		4.39		3.49		3.92		4.51		5.62		3.97		4.22		3.96		4.33		3.71		3.69		3.94		3.24		3.56		2.92	

Best Performance

Worst Performance

Source: World Economic Forum

Table 3. Ease of doing business 2006-2011, EU27

	2006	2007	2008	2009	2010	2011
Austria	30	25	27	28	32	32
Belgium	20	19	19	22	25	28
Bulgaria	54	46	45	44	51	59
Cyprus	-	-	-	40	37	40
Czech Republic	52	56	75	74	63	64
Denmark	7	5	5	6	6	5
Estonia	17	17	22	24	17	24
Finland	14	13	14	16	13	11
France	35	31	31	31	26	29
Germany	21	20	25	25	22	19
Greece	109	100	96	109	109	100
Hungary	66	45	41	47	46	51
Ireland	10	8	7	7	9	10
Italy	82	53	65	78	80	87
Latvia	24	22	29	27	24	21
Lithuania	16	26	28	26	23	27
Luxembourg	-	42	50	64	45	50
Malta	-	-	-	-	-	-
Netherlands	22	21	26	30	30	31
Poland	75	74	76	72	70	62
Portugal	40	37	48	48	31	30
Romania	49	48	47	55	56	72
Slovak Republic	36	32	36	42	41	48
Slovenia	61	55	54	53	42	37
Spain	39	38	49	62	49	44
Sweden	13	14	17	18	14	14
United Kingdom	6	6	6	5	4	7



Best Performance



Worst Performance

Source: World Bank

Table 3.1 Ease of Doing Business 2006, EU27

Economy	Ease of Doing Business Rank	Starting a Business	Dealing with Licenses	Employing Workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business
Austria	30	74	50	103	28	21	142	102	15	14	19
Belgium	20	37	48	23	158	48	12	60	36	21	8
Bulgaria	54	85	140	100	65	33	33	107	104	52	64
Cyprus	-	-	-	-	-	-	-	-	-	-	-
Czech Republic	52	74	110	45	58	21	83	110	41	57	113
Denmark	7	14	6	15	36	13	19	15	3	1	20
Estonia	17	51	13	151	23	48	33	29	6	20	47
Finland	14	18	35	111	15	21	46	75	2	13	6
France	35	12	26	134	160	48	60	92	26	19	32
Germany	21	66	21	129	42	3	83	73	7	29	28
Greece	109	140	55	166	94	83	156	108	123	48	34
Hungary	66	87	143	90	103	21	118	118	76	12	48
Ireland	10	6	20	83	80	7	5	2	30	24	7
Italy	82	52	104	101	53	65	83	117	110	141	49
Latvia	24	25	65	123	82	13	46	52	28	11	62
Lithuania	16	48	23	119	3	33	60	40	32	4	30
Luxembourg	-	-	-	-	-	-	-	-	-	-	-
Malta	-	-	-	-	-	-	-	-	-	-	-
Netherlands	22	38	80	86	20	13	99	82	16	31	9
Poland	75	114	146	49	86	65	33	71	102	112	85
Portugal	40	33	115	155	98	65	33	61	27	35	18
Romania	49	7	116	101	114	48	33	131	35	45	108
Slovak Republic	36	63	47	72	5	13	118	113	88	59	31
Slovenia	61	98	63	146	97	48	46	84	108	84	35
Spain	39	102	53	161	33	21	83	112	25	42	15
Sweden	13	20	17	94	7	33	46	39	9	2	17
United Kingdom	6	9	46	17	19	1	9	12	14	22	10



Source: World Bank

Table 3.2 Ease of Doing Business 2007, EU27

Economy	Ease of Doing Business	Starting a Business	Dealing with licenses	Employing workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Resolving Insolvency
Austria	25	83	40	62	30	26	122	80	12	6	21
Belgium	19	19	37	36	161	48	12	65	48	22	9
Bulgaria	46	100	103	57	62	13	33	88	89	90	72
Cyprus	-	-	-	-	-	-	-	-	-	-	-
Czech Republic	56	91	83	55	54	26	83	113	30	97	108
Denmark	5	18	6	10	39	13	19	13	2	30	7
Estonia	17	20	14	156	21	48	33	31	7	29	50
Finland	13	16	39	127	17	26	51	83	5	7	5
France	31	12	17	144	159	36	64	82	25	14	32
Germany	20	71	16	137	47	3	83	67	10	15	29
Greece	100	152	42	142	93	84	158	86	65	87	38
Hungary	45	67	87	81	96	26	107	127	45	12	53
Ireland	8	5	20	37	79	7	5	6	20	39	6
Italy	53	65	78	56	49	68	51	122	62	155	25
Latvia	22	30	82	96	85	13	51	20	19	3	64
Lithuania	26	57	57	124	4	36	83	71	23	18	31
Luxembourg	42	41	36	164	116	97	107	17	32	2	46
Malta	-	-	-	-	-	-	-	-	-	-	-
Netherlands	21	41	84	92	22	131	98	36	14	36	8
Poland	74	129	156	78	81	68	33	125	40	68	88
Portugal	37	38	112	157	65	68	33	66	31	49	20
Romania	48	26	90	145	123	13	33	134	38	37	81
Slovak Republic	32	72	50	75	5	7	98	122	90	50	36
Slovenia	55	120	62	166	99	68	19	63	69	79	34
Spain	38	118	46	154	42	13	83	93	47	55	17
Sweden	14	22	17	107	7	36	51	42	6	53	19
United Kingdom	6	6	54	21	19	1	9	12	27	24	10



Best Performance



Worst Performance

Source: World Bank

Table 3.3 Ease of Doing Business 2008, EU27

Economy	Ease of Doing Business Rank	Starting a Business	Dealing with construction permits	Employing workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business
Austria	27	104	46	50	36	12	126	93	19	13	20
Belgium	19	20	44	37	168	43	15	64	43	22	8
Bulgaria	45	81	117	60	59	5	38	94	102	86	75
Cyprus	-	-	-	-	-	-	-	-	-	-	-
Czech Republic	75	86	86	59	65	43	88	118	49	95	113
Denmark	5	16	7	10	43	12	24	13	3	29	7
Estonia	22	23	19	163	24	43	53	34	5	30	58
Finland	14	18	43	129	21	28	53	97	4	5	5
France	31	14	18	148	166	43	70	66	22	10	40
Germany	25	102	15	142	52	12	88	80	11	9	33
Greece	96	133	45	133	101	109	150	62	70	85	41
Hungary	41	27	89	84	57	28	113	111	68	12	55
Ireland	7	5	30	38	82	12	5	6	18	39	6
Italy	65	53	83	75	58	84	53	128	60	156	27
Latvia	29	35	78	103	77	12	53	36	25	4	86
Lithuania	28	74	63	131	4	43	88	57	26	16	34
Luxembourg	50	69	40	167	118	109	113	14	31	2	48
Malta	-	-	-	-	-	-	-	-	-	-	-
Netherlands	26	51	94	98	23	43	104	30	13	34	10
Poland	76	145	158	82	84	28	38	142	41	68	82
Portugal	48	34	128	164	79	109	38	73	33	34	21
Romania	47	26	88	143	114	12	38	146	40	31	85
Slovak Republic	36	48	53	83	7	12	104	126	116	47	37
Slovenia	54	41	69	158	104	84	18	78	78	79	38
Spain	49	140	51	160	46	43	88	84	52	54	19
Sweden	17	30	17	114	10	68	53	42	6	55	18
United Kingdom	6	8	61	28	22	2	9	16	28	24	9



Best Performance



Worst Performance

Source: World Bank

Table 3.4 Ease of Doing Business 2009, EU27

Economy	Ease of Doing Business Rank	Starting a Business	Dealing with Construction Permits	Employing workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business
Austria	28	122	54	60	39	15	132	102	24	11	20
Belgium	22	31	46	48	167	43	16	73	43	21	8
Bulgaria	44	50	119	53	56	4	41	95	106	87	78
Cyprus	40	25	77	93	64	71	93	37	15	107	21
Czech Republic	74	113	76	25	62	43	93	121	53	82	116
Denmark	6	28	10	9	47	15	27	13	6	28	7
Estonia	24	37	20	161	13	43	57	38	3	49	61
Finland	16	30	47	132	27	30	57	71	4	8	5
France	31	22	17	155	159	43	73	59	25	6	42
Germany	25	84	18	158	57	15	93	71	14	7	35
Greece	109	140	50	147	107	87	154	76	80	89	43
Hungary	47	39	88	77	61	30	119	122	70	14	58
Ireland	7	9	30	27	79	15	5	6	21	37	6
Italy	78	75	85	99	98	87	57	135	59	156	29
Latvia	27	51	78	128	58	4	57	45	22	15	88
Lithuania	26	99	64	119	4	43	93	51	28	17	36
Luxembourg	64	72	43	170	131	113	119	15	31	1	50
Malta	-	-	-	-	-	-	-	-	-	-	-
Netherlands	30	70	104	123	29	43	109	33	13	30	10
Poland	72	117	164	76	88	15	41	151	42	75	85
Portugal	48	60	111	171	52	87	41	80	19	25	22
Romania	55	42	91	113	92	15	41	149	46	55	91
Slovak Republic	42	66	56	81	11	15	109	120	113	61	39
Slovenia	53	26	59	162	108	87	20	84	84	60	40
Spain	62	146	53	157	48	43	93	78	59	52	19
Sweden	18	43	19	117	20	71	57	42	7	51	18
United Kingdom	5	16	16	35	23	2	10	16	16	23	9



Source: World Bank

Table 3.5 Ease of Doing Business 2010, EU27

Economy	Ease of Doing Business Rank	Starting a Business	Dealing with Construction Permits	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business
Austria	32	125	57	33	15	132	104	25	9	20
Belgium	25	31	41	177	46	16	70	44	21	8
Bulgaria	51	43	119	62	6	44	85	108	87	83
Cyprus	37	26	75	66	72	93	32	19	104	22
Czech Republic	63	130	76	47	46	93	128	62	78	32
Denmark	6	27	10	30	15	28	13	5	30	5
Estonia	17	37	24	13	32	59	30	4	50	70
Finland	13	32	55	26	32	59	65	6	11	6
France	26	21	19	142	46	74	55	26	7	44
Germany	22	88	18	67	15	93	88	14	6	35
Greece	109	149	51	153	89	154	74	84	88	49
Hungary	46	35	86	41	32	120	109	73	22	62
Ireland	9	11	38	78	15	5	7	23	37	9
Italy	80	68	92	95	89	59	128	59	157	30
Latvia	24	53	79	57	6	59	59	16	14	80
Lithuania	23	87	59	7	46	93	44	31	17	39
Luxembourg	45	77	42	129	116	120	15	32	1	45
Malta	-	-	-	-	-	-	-	-	-	-
Netherlands	30	71	105	46	46	109	27	13	29	11
Poland	70	113	164	86	15	44	121	49	77	81
Portugal	31	59	111	31	89	44	73	27	24	21
Romania	56	44	84	92	15	44	151	47	54	102
Slovak Republic	41	68	56	9	15	109	122	102	71	33
Slovenia	42	28	63	97	116	20	80	56	60	38
Spain	49	147	49	54	46	93	71	54	52	19
Sweden	14	39	20	15	72	28	39	7	52	18
United Kingdom	4	17	16	22	2	10	16	15	23	7



Best Performance



Worst Performance

Source: World Bank

Table 3.6 Ease of Doing Business 2011, EU27

Economy	Ease of Doing Business	Starting a Business	Dealing with Construction Permits	Getting Electricity	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Resolving Insolvency
Austria	32	134	76	21	35	24	133	82	25	9	21
Belgium	28	36	51	87	174	48	17	77	36	20	8
Bulgaria	59	49	128	133	66	8	46	69	91	87	90
Cyprus	40	33	78	96	123	78	29	37	19	105	23
Czech Republic	64	138	68	148	34	48	97	119	70	78	33
Denmark	5	31	10	13	11	24	29	14	7	32	9
Estonia	24	44	89	48	13	40	65	51	3	29	72
Finland	11	39	45	25	25	40	65	28	6	11	5
France	29	25	30	62	149	48	79	58	24	6	46
Germany	19	98	15	2	77	24	97	89	12	8	36
Greece	100	135	41	77	150	78	155	83	84	90	57
Hungary	51	39	55	103	43	48	122	117	74	19	66
Ireland	10	13	27	90	81	8	5	5	21	62	10
Italy	87	77	96	109	84	98	65	134	63	158	30
Latvia	21	51	112	84	32	4	65	67	15	17	32
Lithuania	27	101	47	81	7	48	65	62	28	15	40
Luxembourg	50	81	33	63	134	150	122	17	31	1	49
Malta	-	-	-	-	-	-	-	-	-	-	-
Netherlands	31	79	99	67	48	48	111	43	13	28	7
Poland	62	126	160	64	89	8	46	128	46	68	87
Portugal	30	26	97	34	31	126	46	78	26	22	22
Romania	72	63	123	165	70	8	46	154	72	56	97
Slovak Republic	48	76	50	102	10	24	111	130	95	71	35
Slovenia	37	28	81	27	79	98	24	87	50	58	39
Spain	44	133	38	69	56	48	97	48	55	54	20
Sweden	14	46	23	8	19	48	29	50	8	54	19
United Kingdom	7	19	22	60	68	1	10	24	13	21	6



Best Performance



Worst Performance

Source: World Bank

Table 4. Ease of doing business 2006-2011, BS10

	2006	2007	2008	2009	2010	2011
Armenia	34	39	44	43	48	55
Azerbaijan	99	96	33	38	54	66
Bulgaria	54	46	45	44	51	59
Georgia	37	18	15	11	12	16
Greece	109	100	96	109	109	100
Moldova	103	92	103	94	90	81
Romania	49	48	47	55	56	72
Russian Federation	96	106	120	120	123	120
Turkey	91	57	59	73	65	71
Ukraine	128	139	145	142	145	152



Best Performance



Worst Performance

Source: World Bank

Table 4.1 Ease of Doing Business 2006, BS10

Economy	Ease of Doing Business Rank	Starting a Business	Dealing with licenses	Employing workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business
Armenia	34	46	36	41	2	65	83	148	119	18	40
Azerbaijan	99	96	162	66	59	21	118	136	158	34	70
Bulgaria	54	85	140	100	65	33	33	107	104	52	64
Georgia	37	36	42	6	16	48	135	104	95	32	86
Greece	109	140	55	166	94	83	156	108	123	48	34
Moldova	103	84	119	128	47	101	99	119	105	55	78
Romania	49	7	116	101	114	48	33	131	35	45	108
Russian Federation	96	33	163	87	44	159	60	98	143	25	81
Turkey	91	53	148	146	54	65	60	65	79	70	138
Ukraine	128	101	107	107	133	65	142	174	106	26	139



Best Performance



Worst Performance

Source: World Bank

Table 4.2 Ease of Doing Business 2007, BS10

Economy	Ease of Doing Business Rank	Starting a Business	Dealing with licenses	Employing workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business
Armenia	39	47	73	48	2	36	83	143	118	64	42
Azerbaijan	96	64	159	80	56	26	107	141	173	30	75
Bulgaria	46	100	103	57	62	13	33	88	89	90	72
Georgia	18	10	11	4	11	48	33	102	64	42	105
Greece	100	152	42	142	93	84	158	86	65	87	38
Moldova	92	81	153	93	46	97	98	111	122	17	82
Romania	48	26	90	145	123	13	33	134	38	37	81
Russian Federation	106	50	177	101	45	84	83	130	155	19	80
Turkey	57	43	128	136	31	68	64	54	56	34	112
Ukraine	139	109	174	102	138	68	141	177	120	46	140



Best Performance



Worst Performance

Source: World Bank

Table 4.3 Ease of Doing Business 2008, BS10

Economy	Ease of Doing Business Rank	Starting a Business	Dealing with Construction Permits	Employing workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business
Armenia	44	66	42	54	5	28	88	150	143	61	47
Azerbaijan	33	13	155	15	9	12	18	102	174	26	81
Bulgaria	45	81	117	60	59	5	38	94	102	86	75
Georgia	15	4	10	5	2	28	38	110	81	43	92
Greece	96	133	45	133	101	109	150	62	70	85	41
Moldova	103	89	158	119	50	84	104	123	135	17	88
Romania	47	26	88	143	114	12	38	146	40	31	85
Russian Federation	120	65	180	101	49	109	88	134	161	18	89
Turkey	59	43	131	138	34	68	53	68	59	27	118
Ukraine	145	128	179	100	140	28	142	180	131	49	143



Best Performance



Worst Performance

Source: World Bank

Table 4.4 Ease of Doing Business 2009, BS10

Economy	Ease of Doing Business Rank	Starting a Business	Dealing with Construction Permits	Employing workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business
Armenia	43	21	72	62	5	43	93	153	102	62	49
Azerbaijan	38	17	158	33	9	15	20	108	177	26	84
Bulgaria	44	50	119	53	56	4	41	95	106	87	78
Georgia	11	5	7	9	2	30	41	64	30	41	95
Greece	109	140	50	147	107	87	154	76	80	89	43
Moldova	94	77	161	141	17	87	109	101	140	22	90
Romania	55	42	91	113	92	15	41	149	46	55	91
Russian Federation	120	106	182	109	45	87	93	103	162	19	92
Turkey	73	56	133	145	36	71	57	75	67	27	121
Ukraine	142	134	181	83	141	30	109	181	139	43	145



Best Performance



Worst Performance

Source: World Bank

Table 4.5 Ease of Doing Business 2010, BS10

Economy	Ease of Doing Business Rank	Starting a Business	Dealing with Construction Permits	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business
Armenia	48	22	78	5	46	93	159	82	63	54
Azerbaijan	54	15	160	10	46	20	103	177	27	88
Bulgaria	51	43	119	62	6	44	85	108	87	83
Georgia	12	8	7	2	15	20	61	35	41	105
Greece	109	149	51	153	89	154	74	84	88	49
Moldova	90	94	159	18	89	109	106	141	20	92
Romania	56	44	84	92	15	44	151	47	54	102
Russian Federation	123	108	182	51	89	93	105	162	18	103
Turkey	65	63	137	38	72	59	75	76	26	115
Ukraine	145	118	179	164	32	109	181	139	43	150



Best Performance



Worst Performance

Source: World Bank

Table 4.6 Ease of Doing Business 2011, BS10

Economy	Ease of Doing Business	Starting a Business	Dealing with Construction Permits	Getting Electricity	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Resolving Insolvency
Armenia	55	10	57	150	5	40	97	153	104	91	62
Azerbaijan	66	18	172	173	9	48	24	81	170	25	95
Bulgaria	59	49	128	133	66	8	46	69	91	87	90
Georgia	16	7	4	89	1	8	17	42	54	41	109
Greece	100	135	41	77	150	78	155	83	84	90	57
Moldova	81	88	164	160	18	40	111	83	134	26	91
Romania	72	63	123	165	70	8	46	154	72	56	97
Russian Federation	120	111	178	183	45	98	111	105	160	13	60
Turkey	71	61	155	72	44	78	65	79	80	51	120
Ukraine	152	112	180	169	166	24	111	181	140	44	156



Best Performance



Worst Performance

Source: World Bank

Table 5. Ease of Doing Business per pillar in Bulgaria, 2006-2011

Year	Ease of Doing Business	Starting a Business	Dealing with Construction Permits ¹	Employing Workers ²	Getting Electricity ³	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Resolving Insolvency ⁴
2006	54	85	140	100	-	65	33	33	107	104	52	64
2007	46	100	103	57	-	62	13	33	88	89	90	72
2008	45	81	117	60	-	59	5	38	94	102	86	75
2009	44	50	119	53	-	56	4	41	95	106	87	78
2010	51	43	119	-	-	62	6	44	85	108	87	83
2011	59	49	128	-	133	66	8	46	69	91	87	90

¹ The pillar's name was "*dealing with licenses*" during the years 2006-2007.

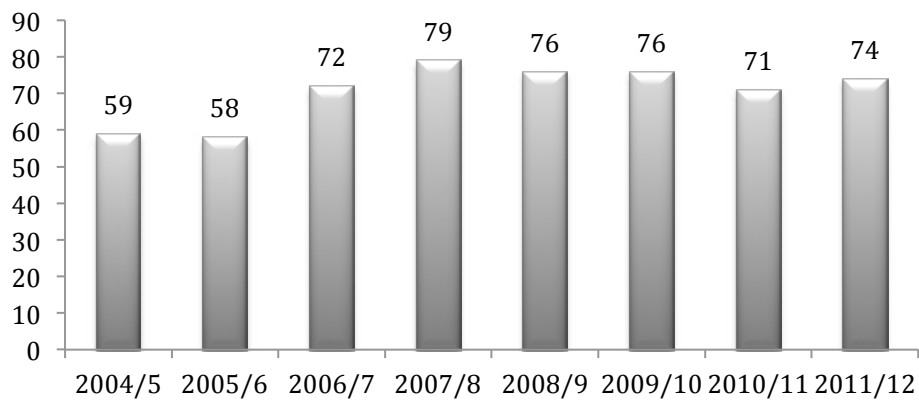
² The *employing workers* indicator was not included in 2010's and 2011's rankings on the ease of doing business.

³ In 2011, EDB ranking includes *getting electricity* as a new topic. The indicator was introduced as a pilot in *Doing Business 2010* and *Doing Business 2011*, which presented the results in an annex. To avoid double counting, procedures related to getting an electricity connection have been removed from the *dealing with construction permits* indicator.

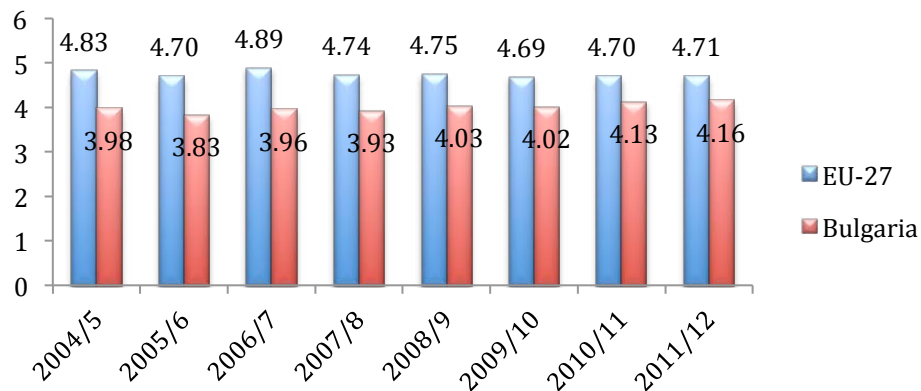
⁴ The pillar's name was "*closing a business*" during the years 2006-2010.

Source: World Bank

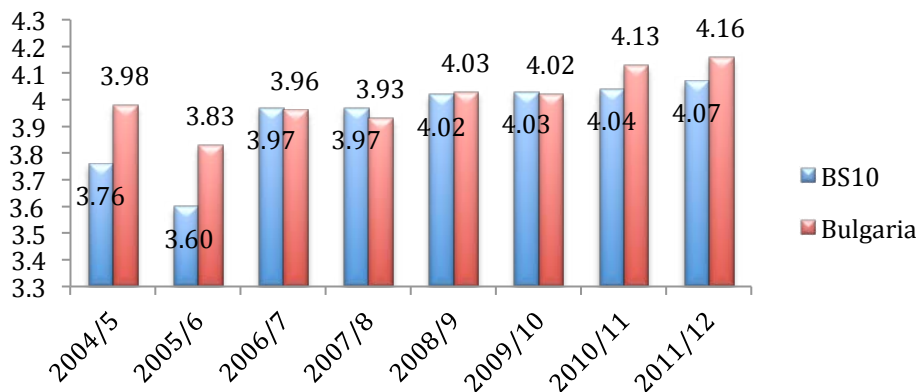
**Chart 1. GCI rank of Bulgaria,
2004/12**



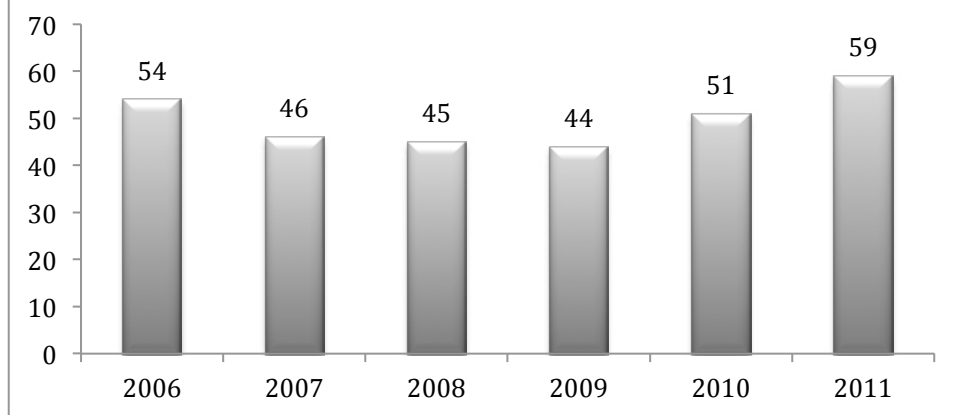
**Chart 2. GCI rank of Bulgaria &
EU27, 2004/12**



**Chart 3. GCI rank of Bulgaria &
BS10, 2004/12**



**Chart 4. EDB rank in Bulgaria,
2006/11**



**Chart 5. EDB rank per pillar in Bulgaria,
2006/11**

